DOCUMENT RESUME

ED 286 786 SO 018 204

TITLE	Conditions and Needs of the Professional American Theatre. Report No. 11.
INSTITUTION	National Endowment for the Arts, Washington, DC. Research Div.
REPORT NO	ISBN-0-89062-076-8
PUB DATE	May 81
NOTE	136p.
AVAILABLE FROM	Publishing Center for Cultural Resources, 625 Broadway, New York, NY 10012 ($4.50).
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC06 Plus Postage.
DESCRIPTORS	Employment Patterns; Financial Needs; Financial Support; *Needs; *Professional Personnel; Research Reports; *Theater Arts; Theaters
IDENTIFIERS	Activity Analysis; *Theater Research; *United States

ABSTRACT

Theater activity, finances, and employment are examined in a report which summarizes research findings and recommendations originally included in a two-part study entitled, "The Conditions and Needs of the Live Professional Theatre in America." Findings indicated that a substantial increase in federal funds is required to insure the future stability of professional theater in the United States. Theater activity has increased regionally, because of the growth of nonprofit regional theaters and the emergence of truck and bus touring operations. Almost all of the current nonprofit theaters have been founded in the last 20 years, resulting in significant changes in U.S. theater. Theater audiences are better educated and more affluent than the general population. That the economic effects of theatre production are substantial is supported by statistics indicating an almost 300 million dollar contribution to the national economy. While total actor employment has increased, it has not done so as quickly as union membership has grown, and most actors receive low salaries. The study concluded that in the future the theater may have to further control costs and raise revenues, become more dependent on contributions, or decrease its level of activity due to financial constraints. Figures and tables are included. (JHP)

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Report #11

Conditions and Needs of the Professional American Theatre

National Endowment for the Arts

Research Division
May 1981

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Conditions and Needs of the Professional American Theatre

National Endowment for the Arts, Washington, D.C.

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Library of Congress Cataloging in Publication Data

National Endowment for the Arts. Research Division.
Conditions and needs of the professional American theatre.

(National Endowment for the Arts Research Division reports ; 11)
"A condensed version of the report and exhibits prepared by Mathtech, Inc.
1. Theater--Economic aspects--United States. I. Mathtech, Inc. II. Title. III. Series: National Endowment for the Arts. Research Division. Research Division report ; 11.
PN2293.E35N37 1981 338.4'7792'0973 80-12678
ISBN 0-89062-076-8

Manufactured in the United States of America

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PREFACE

This report originated in a request to the National Endowment for the Arts during the Senate Appropriation Hearings in spring 1976. Senate Report #94-880, on the Arts, Humanities and Cultural Affairs Act of 1976 (printed May 14, 1976 to accompany S.3440) included the following: "The Committee notes favorably that the Arts Endowment has increased its capability to research needs in the arts. In this regard, the Committee wishes especially to emphasize that its requested study of theatre needs, including the commercial theatre as it relates to non-profit theatre activities and as general needs relate to the entire development of this important art form, is long overdue. The Committee expects a thorough report on this matter within the next year."

The Congressional request resulted in planning and preparation by the Research Division of the National Endowment for the Arts to develop the project subsequently undertaken. Preparation included many meetings and correspondence with the theatre community, but one particularly important development was the gathering of representatives of theatre associations and service organizations with research capabilities on August 3, 1976, at which information on current research activities was exchanged by the League of New York Theatres and Producers, American Theatre Association, Black Theatre Alliance, Theatre Communications Group, League of Resident Theatres, Off-Off-Broadway Alliance, First American Congress of Theatre, Theatre Development Fund, Actors' Equity Association, and the Council on Foundations. Other meetings were organized independently by various groups in the theatre community to provide advice and suggestions on the type of research project that would be most valuable. The Research Division's deepest thanks go to all of the organizations and individuals who helped in the formulation of the research plan.

The research project that was defined as a result of the preparatory efforts was organized in two phases. The first phase was an intensive effort to collect, analyze, and report existing information that describes the current conditions and needs of professional American theatre. In the second phase, an ad hoc advisory group, broadly representative of the American theatre, was organized to guide the work of data collection and analysis and then to utilize the information collected to make recommendations on how to meet theatre needs. In both phases, the work was responsive to the Congressional mandate to investigate the needs of both nonprofit and commercial theatre.

A first step in the research project was to advertise for proposals. This was done by means of a program solicitation released from the Research Division on February 1, 1977. The competitive proposals were evaluated at a special meeting by representatives of both the nonprofit and commercial theatre communities and by professional researchers. Acting on the recommendation from the evaluation panel for the proposals, a contract was entered into by the Arts Endowment with the research firm of Mathtech, Inc. in Princeton, New Jersey on May 12, 1977. An advisory group was then formed with Harold Prince as chairman. The other members of the advisory group are named on page 7. Harold Prince, as a member of the National Council on the Arts, provided a strong liaison between the advisory group and the council. The Mathtech, Inc. research team was led by Dr. Robert J. Anderson, Jr. assisted by Hilda Baumol, Sonya P. Maltezou, and Robert Wuthnow.

Research Division Report #11 is a condensed version of the reports and exhibits prepared by Mathtech, Inc. These have been combined with the recommendations of the advisory group's report presented here in its entirety. The Mathtech, Inc. material has been extensively summarized as a practical necessity in view of the quantity of detailed data, annotation, and information source references they contain. In the summary, data are presented with tables and figures when points require visual elaboration, but such illustrations are omitted when concepts and conclusions could be presented succinctly without them. However, the reader is reminded that this is a summary. For complete information supporting the more complex material, the original Mathtech reports (listed at the end of this preface) should be consulted. All of them are available for study by those students of professional American theatre who require more complete explanations and a fuller presentation of findings than are contained in the condensation. Persons who wish to see the complete material are invited to do so through the library of the National Endowment for the Arts, which maintains both reference copies and copies available for interlibrary loan. Arrangements to borrow the loan copies or to work with the reference collection may be made by contacting the Library, National

Endowment for the Arts, Room 1256, Washington, D.C. 20506; 202/634-6740. The reports and exhibits listed below are available for examination there.

Research Division
National Endowment for the Arts
May 1981

Mathtech, Inc. Executive Summary, The Condition and Needs of the Live Professional Theatre in America, Phase I Report: Data Collection and Analysis. Princeton, 1978.

_____. The Condition and Needs of the Live Professional Theatre in America, Phase I Report: Data Collection and Analysis. Princeton, 1978.

_____. The Condition and Needs of the Live Professional Theatre in America, Phase II Report: Recommendations. Princeton, 1979.

_____. The Condition and Needs of the Live Professional Theatre in America, Exhibit Volume I (Statements by Theatre Organizations). Princeton, 1978.

_____. The Condition and Needs of the Live Professional Theatre in America, Exhibit Volume II (Summary of Roundtable Discussions). Princeton, 1978.

_____. The Condition and Needs of the Live Professional Theatre In America, "Transcript of Theatre Research Project Advisory Group Roundtable, New York City, 9:00 a.m., October 18, 1977." Princeton, 1978.

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_____. The Condition and Needs of the Live Professional Theatre in America, "Roundtable Discussion on Professional Theatre in America Today, Los Angeles, 10:00 a.m., October 20, 1977." Princeton, 1978.

_____. The Condition and Needs of the Live Professional Theatre in America, "Roundtable Discussion on Professional Theatre in America Today, Los Angeles, 2:25 p.m., October 20, 1977." Princeton, 1978.

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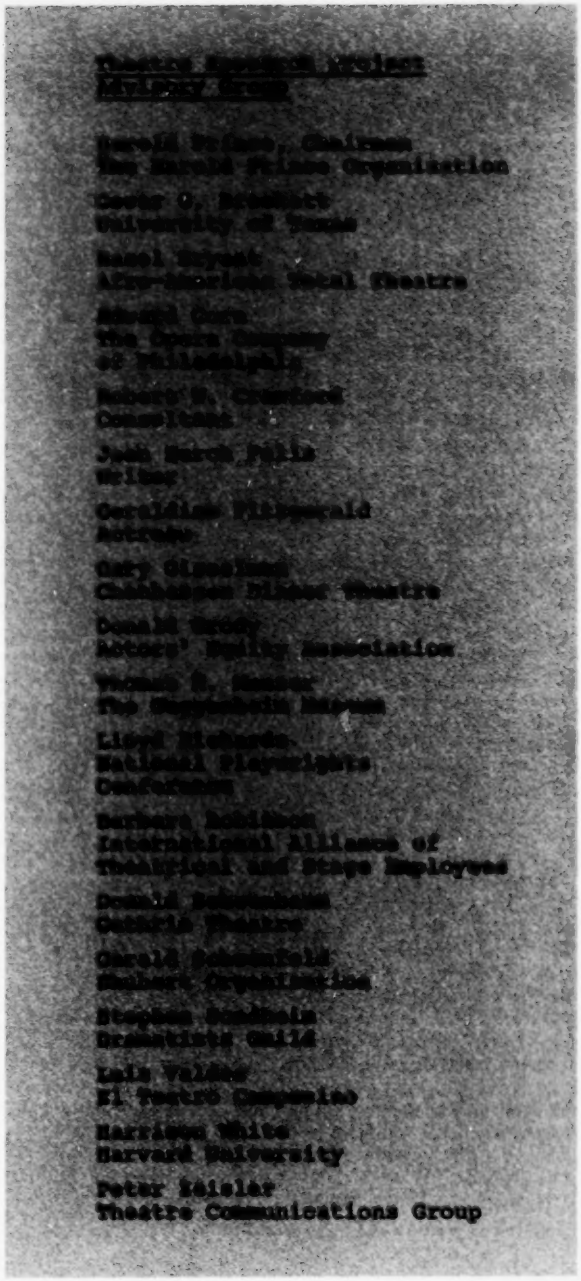
RECOMMENDATIONS OF ADVISORY GROUP

Background. Phase II of the study on conditions and needs of American professional theatre called for recommendations by an advisory group appointed by the National Endowment for the Arts. These recommendations were to be based on statistical and analytical data collected during Phase I and the personal experiences, as theatre professionals, of the advisory group members. Those serving on the advisory group, representing a broad range of theatre constituencies, are listed opposite.

The advisory group met seven times: three meetings during the course of Phase I were held to review with the contractor's research staff the progress of their study and to suggest areas needing stronger focus or more detailed information during the short time available under the contract terms, and four meetings were held to formulate recommendations to the Congress on behalf of the future of American professional theatre. All material amassed by the research staff and included in its Phase I report to the National Endowment for the Arts, as well as the personal expressions of the advisory group members, served as the base for the development of the recommendations included in this report (Phase II of the study).

The scope of inquiry. For purposes of this study, professional theatre was defined by the National Endowment for the Arts as "the live professional presentation of plays, with or without music, before an...audience in the United States and its territories." The Arts Endowment further directed that "both professional not-for-profit and commercial theatre are included in the definition and must be considered in the research project."

During the formulation of its recommendations, the advisory group studied in detail the statements prepared by the following theatre-interest organizations: Actors' Equity Association, Off-Off-Broadway Alliance, Alliance for American Street Theatre, Dramatists Guild, The League of Resident Theatres, American Theatre Association, League of New York Theatres and Producers, American Community Theatre Association, Performing Arts Repertory Theatre Foundation, Theatre Development Fund, Theatre Communications Group, and Black Theatre Alliance. Transcripts of comments made by 22 theatre professionals who participated in the Los Angeles and New York roundtable discussions were also studied. These professionals are listed on page 109. These two sources, as well as the group's collective professional experience, provided vital additional information to the extensive data included in the body of the Phase I report.



As indicated earlier, the charge from the National Endowment for the Arts was to investigate the needs of "both professional not-for-profit and commercial theatre." The charge did not include a study of the needs of avocational, community, or educa-

tional theatre. Therefore, the focus of the study and recommendations is on the needs of live professional theatre, commercial and nonprofit.

Professional theatre cannot, however, be divided simply into the two categories of commercial and nonprofit. Each has its own diversity. For example, the commercial theatre includes not only Broadway and its national touring companies, but also large numbers of dinner theatres, bus and truck touring companies, and Broadway-type activities in other cities. The nonprofit sector includes institutional regional theatres, ethnic and community-oriented professional theatres, experimental professional theatres working on the development of new scripts and new forms of dramatic presentation, and specialized touring groups. The advisory group wishes it understood that professional theatre is a whole comprised of diverse parts. This very diversity is its strength. No one segment of American theatre thrives or even exists without the creative contribution of others.

Theatre in the United States, in contrast to the live performing art forms of dance, opera, and symphony, has strong commercial and nonprofit sectors. Because of the existence of the well-known commercial Broadway theatre, because of the existence of the commercial motion picture and television industries, and because substantial amounts of money may sometimes be made from these media, the public generally perceives theatre as a potential money-making operation which should pay for itself. A common belief is that if theatre is good, it will not lose money. This attitude about theatre applies to nonprofit professional theatre as well as to the commercial theatre. Hence, the belief is that all theatre should be able to at least pay for itself, if not make money.

In contrast, the general public accepts the premise that symphony, opera, and dance need contributed support to survive. It is accepted that these art forms cannot pay for themselves through earned income.

The nonprofit professional theatre has grown significantly in number and range of activities only in the last 15 to 20 years. Chapter II describes the nonprofit theatre's development of sound management and the high ratio of earned income to operating expense; among strongly managed regional professional theatres, between 60 and 70 percent of expenses presently are covered by earned income--a high ratio in the performing arts fields. It indicates that many nonprofit theatres probably have done their best everywhere to control costs and to raise levels of earned income while at the same time they have increased difficulty in raising contributed income. In a large number of nonprofit theatres, attendance is running at more than 80 percent of capacity. If these theatres are to maintain their policies of reasonable ticket prices in order to provide access to theatre for all economic groups, if attendance figures continue as high as they are, and if annual inflation is assumed as part of our economic system, then the only way nonprofit theatre can survive is through increased contributed support. In order to stimulate this support, the public's perception that theatre can and should pay its own way must be changed.

The advisory group believes the federal government can and should take a strong lead in helping change this perception. It should take a lead in providing additional substantial new fiscal support. It should take a lead through corrective federal legislation to provide direct and indirect increased public support to professional theatre, and it should encourage appropriate legislative action by state and municipal government.

The information contained in the Phase I report reveals a need for corrective legislation and revised regulations in the area of taxation.

According to the data included in Phase I, the 1976-77 median annual income earned by actors from employment in live professional theatre amounted to approximately $5,000. This situation is true not only for actors, but also for other theatre professionals. These data demonstrate to the advisory group that a majority of theatre professionals, in both the commercial and nonprofit sectors, work for salaries in no way commensurate with their training, talent, and experience. Many actors, therefore, must supplement their professional earnings through other types of employment.

The Phase I study reports that although there is now some kind of professional theatre in every state, large sectors of the public still have no access to live professional theatre, either nonprofit or commercial.

While the commercial and nonprofit theatres combine to make the performing art known as professional theatre, a recognition of the differences between them is vital to the determination of a healthy future for theatre in this country. Each sector has a clear direction. These directions are not in conflict. Rather, they are complementary. For example, plays originally produced on Broadway rou-

tinely are included in the seasons of many nonprofit theatres; the apparent current fiscal health of Broadway is at least in part attributable to the development of some plays by nonprofit theatres and their subsequent production on Broadway. It must not be assumed, however, that the move to Broadway of such plays is the answer to the fiscal needs of nonprofit theatre. Rarely do such moves provide the originating theatre with substantial new earned income because of the risks of Broadway productions. The advisory group believes interrelationships between the commercial and nonprofit theatre should be encouraged for the benefit of theatre as a whole, while recognizing the integrity of the motivation of each sector.

The commercial professional theatre must strive to make a financial profit for its investors while providing the public with entertainment of high-level artistic and production quality. These plays are offered at a price high enough to defray all production costs and to provide the prospect of a financial return to the investors.

While located primarily in New York, the commercial professional theatre includes full road companies touring the country, bus and truck touring companies frequently playing less than full weeks and often one-night stands, as well as a large number of dinner theatres.

Because of the necessity of returning a profit to the investors, there is a natural reluctance on the part of many commercial producers to undertake material which they believe might not result in good box office income. Artistic decisions (e.g., the selection of plays, cast sizes, sets) are influenced strongly by box office potential.

While the return of some profit to the investor is, of necessity, a prime motivation, the commercial professional theatre also provides special contributed services to the New York community. Programs for schools, hospitals, the aged, and the handicapped are some of these services. In addition, it offers internships to theatre trainees. Further, the commercial theatre contributes to strengthening the nonprofit theatre through grants from such foundations as the Shubert Foundation.

The nonprofit professional theatre provides a multiplicity of theatre activity with ticket prices scaled at levels to assure accessibility. It includes a wide variety of institutional types: the regional professional theatres; professional theatres which developed within, or for, a specific ethnic community; and professional theatres dedicated to the development of new plays or new forms of theatre direction and production.

Important to the existence of the regional theatre are plays chosen specifically for the community in which the theatre is located. Most theatre seasons include classics drawn from the world's dramatic literature as well as new works and new forms of theatre which comment on and reveal contemporary society. In addition to main stage productions and, in some cases, second-stage experimental or developmental work, the professional regional theatre provides a variety of services to the immediate community and region: touring; performing in hospitals, prisons, and schools; and the development of programs for the elderly, the handicapped, and the economically or socially disadvantaged.

Many ethnic professional theatres are moving from their original purpose of originating in and belonging to a specific ethnic community into broader-based urban theatre institutions. These theatres now are searching for ways to move more fully into the economic mainstream of professional theatre while at the same time maintaining low ticket prices. Currently, up to two-thirds of their operating budgets may be spent for the basic costs of facilities, most of which are not large enough to provide an important degree of earned income.

Urban areas also are the locale of a majority of those professional theatres—often relatively small in budget and in staff—dedicated to work on new plays and new forms of theatre. In most cases, limited physical facilities preclude earned income from providing a major portion of total income.

Theatre as an art form is concerned with ideas. It celebrates, criticizes, and comments on society. Generally, the nonprofit professional theatre provides the environment and opportunity for experimentation for the ultimate benefit of all theatre. This type of activity is equivalent to the research and development programs supported by industry in this country. Risks are inherent to creative development. Because nonprofit professional theatre is dependent upon contributions from the public and private sectors, risks are often fiscally dangerous. There are bound to be some individuals who will be alienated by what they hear and see. Some may withdraw their support as a result of a particular play or performance. Coupled with the perception on the part of many that professional theatre should pay its own way through the box office, risk-taking for the further development and strengthen-

ing of theatre as an art form can well lead to a reduction in contributed income. As a result, some theatre managements are subjected to increased pressure to select seasons (particularly in the regional theatre) which will assure maximum potential box office income—a move toward mass appeal more appropriate to the commercial theatre.

The advisory group believes the public sector, particularly the federal government, should take the lead in support of professional theatre. While perhaps maintaining its current position of junior partner (in terms of total dollars contributed on a national scale), the federal government should assume a leadership role in encouraging financial support from other parts of the public sector as well as from the private sector.

The advisory group stresses the importance to American society of the multi-faceted artistic and economic roles of theatre. The diversity of the advisory group membership, representing many different professional theatre constituencies, assured strong difference of opinion. That there has been a high degree of consensus in formulating the recommendations which follow demonstrates the ability and desire of the different segments of American theatre to work together for the common good and for the strengthening of theatre as an art.

The advisory group determined that both general as well as specific recommendations were appropriate. In addition, where enough information was available, the group has made detailed suggestions for carrying out specific recommendations. In other instances, recommendations are made without suggestions for implementation. When the group could not reach a consensus on a particular issue, it was recommended for further study. The advisory group was unanimous in feeling that the federal government should establish some group, similar in composition to the present advisory group, to continue investigation and study of the needs of live professional theatre and to make further recommendations to the federal government.

RECOMMENDATIONS

Based on the information examined by the advisory group, it is believed that substantial new federal funds are necessary for the future health of professional theatre in this country. Recommendations for such direct support are listed here. In addition, the federal government is requested to provide indirect support to professional theatre through recommended administrative and legislative action.

The advisory group recommends that the federal government should make clear its conviction that strong professional theatre is an integral component of this nation's cultural life. It can do so by implementing the following recommendations.

Professional Theatre Institutions

Increased federal funds should be provided to enable artistically outstanding nonprofit professional theatre institutions and organizations to achieve their artistic goals.

The advisory group recognizes the vitally important support accorded professional nonprofit theatre by the National Endowment for the Arts. The group feels, however, that the amount of money currently available for such support is too limited. With inflation causing a substantial annual increase in basic operating and production costs, theatres already covering close to 70 percent of their operating costs with earned income will be hard-pressed to maintain this ratio. Ticket prices are continually adjusted in response to changing economic conditions; theatre managements look constantly for ways to augment earned income. Even if successful in maintaining this ratio, the remaining 30 percent or more (which must come from contributed income of all sorts) will represent an increasing amount of money. Without increased public sector support, particularly federal support, it is probable that the nonprofit theatre could be forced to make artistic decisions on the basis of potential box office appeal and to raise ticket prices to levels precluding a broad-based audience. Increased support will assure the fiscal strength of artistically outstanding professional theatre institutions and groups. This will enable them to continue producing experimental or new work of artistic merit which may not attract substantial attendance or box office revenue.

As mentioned repeatedly in the roundtable discussions conducted by the advisory group and in statements submitted for advisory group consideration, strong professional theatre, dedicated to high artistic standards, spawns and encourages a wide range of avocational theatre activity. Increased federal support directed toward artistically outstanding theatre institutions and organizations—regardless of

size or budget—will encourage stronger artistic goals on the part of nonprofessionals.

Federal dollars should be used to establish revolving funds to provide interest-free loans to theatres to finance cash flow needs.

Nonprofit sector. Many theatres face serious cash flow problems, particularly before the new season starts each year as well as during the early months of the season. As a result, theatres are forced to borrow funds, normally paying the going interest rate for such loans. Some theatres also use advance subscription money. For theatres without a subscription audience (many ethnic and experimental theatres), this subscription money resource is not available. Thus, they also must borrow, if borrowing is at all possible. The payment of interest on the loans adds to the financial problems of the theatres and increases their need to raise additional contributed income.

The advisory group recommends establishing federally funded cash flow loan funds, repayable without interest. Such funds could preclude many current cash flow fiscal crises and could result in more realistic fiscal planning and fundraising by the nonprofit professional theatres.

Commercial sector. The advisory group recommends establishing a similar cash flow loan fund (e.g., by the Small Business Administration) for the commercial professional theatre, either on an interest-free or low-interest basis. Such a fund could assist greatly in reducing the cost to the private investor of pre-opening expenses and could encourage the commercial theatre in risking production of plays of particular artistic merit which might not otherwise be undertaken.

Federal funding cycles should reflect the multiple-year needs of recipient professional theatre organizations.

At present, federal funds granted in support of theatre (e.g., those from the National Endowment for the Arts) are provided on a one-year basis. Under present legislation, the Arts Endowment could grant funds for a multiple-year period. It is, however, reluctant to do so as Congress appropriates funds to it on an annual basis. Multiple-year funding of the Arts Endowment by Congress (on the pattern already established for the Corporation for Public Broadcasting) would enable the Arts Endowment to provide multiple-year grants to theatres. This would enable theatres to plan more effectively than they now are able to do.

Many professional theatres have developed long-range multiple-year plans, but are unable to move ahead with them with assurance because it is not known from year to year what level of funding they will receive. Multiple-year funding would relieve pressure on small administrative staffs from the time-consuming annual grant application process. The advisory group believes that if the federal government takes the lead in multiple-year funding, other donors might be encouraged to do the same, freeing time for theatre leaders to devote themselves more fully to their artistic and managerial responsibilities.

Professional Theatre Personnel

Increased federal funds should be provided to assure theatre professionals salaries at levels commensurate with their training and experience in their professional fields.

A constantly recurring theme heard by the advisory group from virtually all theatre personnel is that talented trained professionals earn relatively little in the pursuit of their craft. As a result, many talented professionals leave theatre to pursue more lucrative employment in television or film in order to satisfy more fully their personal and family fiscal needs. Theatre thus loses many in whom it has invested through training and experience.

A higher level of basic annual earnings for the theatre professional must be sought. The advisory group recommends new increased levels of funding for theatre institutions to enable them to achieve this. Such funding will provide talented theatre professionals with the opportunity and the right to work in their chosen profession.

Increased federal funds should be provided to strengthen and expand selected training programs for professional theatre.

The advisory group believes that on a national basis there is not enough opportunity for theatre professionals to receive appropriate training for their craft. On an individual student basis, the present cost of professional training for theatre is very high. This high cost, plus the

limited availability of scholarship money, discriminates against entry into such programs by those who are not financially well-off. The advisory group recommends augmented federal funds to provide increased accessibility to existing professional training programs as well as to strengthen them. The advisory group also recommends federal encouragement of new programs and more career guidance.

Provision also should be made for the establishment of ongoing training opportunities for practicing theatre professionals to enable them to maintain and increase their efficiency in their profession.

The advisory group recommends further that federal agencies sponsoring existing or planned personnel training programs should include the training of theatre professionals keyed to the specific needs of the professional theatre.

Federal funds could make federally subsidized employment available in professional theatre.

The Phase I report indicates that theatre employment periods are often short, resulting in frequent spells of unemployment. The advisory group recommends that appropriate federal manpower policy be developed to address this problem. The group also recommends that those federal agencies dealing with manpower and employment problems as well as with the stimulation of employment (e.g., the Departments of Labor, Commerce, HEW, HUD) should direct part of their funding toward the employment of professionals in the professional theatre.

Increased Accessibility

Increased direct and indirect federal support should be directed toward: 1) greater accessibility to live professional theatre through touring to those geographic areas not now reached by professional theatre; 2) greater accessibility for young people to live professional theatre through support of school tours and student ticket subsidy programs; 3) greater accessibility by all sectors of the population to professional theatre groups reflecting our pluralistic society.

Despite touring by both nonprofit professional theatre companies and commercial road companies, there still remain large areas of the country where significant numbers of the American people have no access to professional theatre. The National Endowment for the Arts has taken an important step in providing greater accessibility to live professional theatre through its support of touring by some nonprofit professional theatres. Starting with a pilot program involving two theatres in fiscal years 1973 and 1974, the Arts Endowment Theatre Program in fiscal year 1979 provided limited support to enable 26 theatres to tour for a total of 86 weeks in 245 communities in 39 states.

The advisory group recommends an increase in the funds available for this program and the encouragement of participation by professional theatre groups reflecting the cultural diversity of our pluralistic society. Further, the advisory group recommends that increased federal funds be available to reimburse professional nonprofit theatres for the cost of touring programs to schools as well as for the cost of tickets made available at significantly reduced prices to students.

In recent years, touring by national companies from the for-profit professional theatre has been reduced. This is due primarily to the lack of appropriate performing facilities in many areas of the country. In some places, an inadequate substitution has taken place with the one-night-stand performances by bus and truck touring companies. These performances are often of lower artistic and production levels than that which can be provided by the national company tours. At present, among the cities where the commercial professional theatre feels it may be able to meet touring expenses are the following: Boston, Chicago, Detroit, Los Angeles, Miami, Philadelphia, San Francisco, and Washington, D.C.

The advisory group recommends that the federal government investigate ways in which additional facilities might be encouraged in other sections of the country to provide greater accessibility to a much larger segment of the population to high level artistic productions of the professional commercial theatre. In addition, the advisory group recommends that the federal government encourage the creation of structures for tour sponsor development on the local level.

Taxation

Tax policy should be modified to provide encouragement to the further development of professional theatre.

Taxes are a burden to both commercial and

nonprofit theatres as well as to working theatre professionals. While the theatre community recognizes its responsibility to bear its fair share of the burdens of public finance, the advisory group believes current tax policy discriminates unfairly against theatres and their employees. Throughout the country, theatre is a major positive force in both the cultural and economic lives of communities. It serves as a major factor in stemming the decline of the central cities by attracting people to visit, live, and work in the cities. Since the nature of the tax burdens on the commercial and nonprofit theatre are rather different, they are considered separately.

The commercial theatre. The advisory group recommends that federal income tax law be changed in order to provide tax incentives to promote the financial stability of the commercial theatre.

The commercial theatre pays all of the taxes normally associated with businesses. Partners are liable for income taxes on operating profits and on income realized from resale of rights, as well as for capital gains taxes on net income realized from resale of shares in limited partnerships. The detailed financial data examined in the Phase I report for Broadway productions financed through the public sale of partnership shares show that various tax expenses are incurred by the companies and theatre owners during production and operation. For Broadway productions alone, taxes amounted to approximately $4.3 million during 1976-77. This represents almost 30 percent of the estimated total investment in Broadway productions during the same period. According to the Phase I data, the resulting after-tax rate of return to the investor amounted to approximately 6.5 percent—a low rate of return on a high risk investment.

At present, the tax structure discourages investment in theatre in comparison with other forms of commercial activity. Several forms of tax incentives available to other sectors of industry are unavailable to commercial theatre production companies and theatres. For example, investment in theatrical production companies is ineligible for the investment tax credit. Similarly, provisions of the law which treat appreciation (or depreciation) of capital assets differently from ordinary income (so-called "capital gains" provisions) are also not available on authorship rights, production rights, or partnership rights.

Among actions recommended to the federal government by the advisory group is legislation to provide: 1) a new subchapter of the Internal Revenue Code for theatrical production companies similar to special subchapters for banking, insurance companies, regulated investment companies, and real estate investment trusts; 2) clarification of existing law to allow theatrical production companies to capitalize pre-opening costs, to treat all income up to the amount capitalized as a recovery of investment, and, after full recovery of investment, to treat all income as ordinary income; 3) for a theatrical production tax credit for investments by theatrical production companies in other theatrical productions; 4) capital gains treatment to the sale of theatrical production rights; 5) incentives for reinvestment of ordinary income realized by investors in theatrical production companies by providing for a limited exclusion from income for profits from a theatrical production company; and 6) capital gains treatment for royalties received by authors from theatrical production companies solely for first production rights of their work.

By acting positively on the above recommendations, the federal government would provide stimulating incentives for a healthier commercial professional theatre in this country.

The nonprofit theatre. A number of taxes (sales taxes on tickets and real estate taxes) affecting the nonprofit theatre still exist in different parts of the country. Of the 24 states with state admission taxes, 15 exempt nonprofit theatres. The 9 states followed by the percent of admission tax not granting such exemption are: Florida, 4 percent; Georgia, 3 percent; Idaho, 3 percent; Kansas, 3 percent; Minnesota, 4 percent; Nebraska, 2.5 percent; West Virginia, 3 percent; Wisconsin, 4 percent; and Wyoming, 3 percent. A survey by American Council for the Arts indicates that 15 municipalities also impose admission taxes. They are: Atlanta, Chicago, Denver, Lincoln, Minneapolis, Norfolk, Oklahoma City, Omaha, Phoenix, Pittsburgh, Richmond, Spokane, Tacoma, Tulsa, and Tucson. Thus, a nonprofit theatre in Minneapolis pays a total of 7 percent admission tax on each ticket sold (4 percent state plus 3 percent city tax). Real estate taxes currently ranging from $700 to $15,000 are also levied on nonprofit theatres in many counties and municipalities.

The data included in the Phase I report indicate that $1.7 million was paid in taxes in 1976-77 by the nonprofit theatre. This represents approximately 2 percent of the total operating expenditures of those

theatres as well as 20 percent of the direct support provided by the public sector.

The advisory group finds it incongruous that nonprofit theatres may well be using federal or state and municipal grants to pay federal, state, county, and municipal taxes. Although the advisory group understands that the federal government cannot force changes in state, county, or municipal legislation, it recognizes the power of the federal government to "encourage" such changes.

The advisory group recommends that the federal government modify its existing statutes in regard to unrelated business income for nonprofit theatres. If the income gap widens in the nonprofit theatre world, increased pressure will be placed on theatres from both public and private sector donors to raise their level of earned income. Many theatres have already attained or are near maximum attendance level. One of the remaining avenues open to the nonprofit theatres is to generate increased earned income through the development of unrelated business activities. Exemption of such income from taxation could encourage its development and help offset the steadily increasing dependence on contributed income.

Finally, the advisory group recommends continued deductibility of the cost of theatre tickets used as a business expense. This action would continue to help both the nonprofit and commercial theatre.

Federal Leadership

The National Endowment for the Arts should be maintained and strengthened as an independent federal agency responsible for leadership support to the professional arts.

The advisory group recommends strongly against the inclusion of the National Endowment for the Arts in a new Department of Education. Professional theatre as a living art form is not education in the traditional sense. A Department of Education must key its activities primarily toward the needs and goals of institutional education: primary, secondary, post-secondary, and vocational. Theatre does have value for, and a role in, broad educational policies and programs, but it must retain its own validity as an art form.

Since its establishment in 1965, the National Endowment for the Arts has had an outstanding record of support for the encouragement of professional artistic standards in theatre. The Arts Endowment has demonstrated a willingness and ability to differentiate between professional and avocational artistic activities and it has devoted a substantial part of its limited resources to support of the professional sector.

In order to continue and to increase such support, the advisory group believes the Arts Endowment must remain an independent federal agency. The Arts Endowment should serve as the leading element in the federal government's role in devising means for professional theatres to better aid themselves.

The federal government should encourage increased international exchange of live professional theatre.

The advisory group recommends substantially increased federal support toward the cost of performance abroad by American professional theatres. While encouraged by the establishment of the International Communication Agency, the advisory group is concerned that eligibility for participation in an expanded professional theatre exchange program be determined by professionals.

Because live American professional theatre is such a strong leader in world theatre today, federal funds should be made available in amounts sufficient to cover the travel costs of an increased number of professional theatres invited to perform abroad. The United States is one of the few countries in the world which has quality professional theatre and which does not subsidize travel to foreign countries to any appreciable degree. The advisory group recommends substantially increased federal funds for this purpose.

The federal government should provide for the continued existence of an advisory group representative of all professional theatre constituencies.

The deliberations of the present advisory group demonstrate the deep interest on the part of all professional theatre constituencies in working together for the good of theatre as a whole. Due to the time and fiscal restraints of the present study, it has been impossible to deal effectively with all problems and perceived needs of the live professional theatre in the United States. The advisory group recommends strongly that the federal government provide for the existence of an independent advisory group comprised of representatives of diverse theatre interests. Such

a continuing advisory group would be charged, for example, with supervising on a continuing basis further studies, as well as formulating specific recommendations to the government.

Further Studies

The advisory group recommends that studies be made of the following areas of concern so that appropriate recommendations can be formulated.

1) Questions on the impact of labor/management relations: Does the current New York Showcase Code inhibit the development and potential success of new works? Is it proper for theatre professionals to subsidize the development of new plays? What is the economic impact on professional theatre of current regulations in a number of the craft unions?

2) The area of taxation of the individual theatre artist: The wide fluctuations in theatre professionals' annual earnings are not dealt with appropriately by income averaging. Is there another approach which might better serve the needs of both the individual artist and the Internal Revenue Service? The recent limitation placed upon the deductibility of expenses relating to work spaces in theatre artists' residences is another serious problem, as is the confusion over the definition of the term "employee" for federal tax purposes. The advisory group feels a careful study of current tax laws should be made as they affect the professional theatre person.

3) The adequacy of performing spaces throughout the country should be studied in connection with the advisory group's strong recommendation for greater access to professional theatre.

4) Employment possibilities for those trained in the professional theatre: What has happened to those who have majored in college and university theatre programs? What is the role of educational theatre in this country? What needs does it fill? In existing programs, what distinction is made between programs using theatre as an educational tool and programs using education as a means of training for theatre?

5) The question of "national" theatre: Should there be an institutionalized national theatre considering this country's geography, needs, and resources? Is a uniquely American national theatre already in existence, or would a different type of institutional approach better serve the art form and the people?

6) A study of the role of amateur and avocational theatre organizations should be made. What, for example, is their role in the increased development of professional theatre? Do such groups exist because of a demand unmet by existing professional theatres?

7) The question of union and ethnic membership on boards and panels dealing with professional theatre, both inside and outside the government, should be examined. Some members of the advisory group feel there is not enough union, ethnic, and minority representation in public and private decision-making or advisory groups. A study is recommended of the extent to which the interests of these groups are reflected in decisions affecting the professional theatre.

Table 1 **Regional distribution of theatre facilities and companies 1977**

Region	Broadway	Road	Dinner Equity	Dinner non-Equity	Summer Equity	Summer non-Equity	Outdoor	Outdoor festivals	LORT	Black & Chicano	Small theatres
Middle Atlantic											
New Jersey	--	9	--	6	2	6	1	--	2	1	7
New York State (excluding New York City)	--	18	5	2	9	25	2	--	5	8	21
Pennsylvania	--	20	2	4	8	18	3	--	2	3	14
New York City	39	--	--	--	--	--	1	--	7	27	230
Northeast											
Connecticut	--	6	2	3	5	7	2	--	6	5	9
Maine	--	--	--	1	3	2	--	--	1	--	4
Massachusetts	--	4	3	1	6	15	4	--	1	2	17
New Hampshire	--	--	--	--	5	7	--	1	2	--	1
Rhode Island	--	2	1	--	--	2	1	--	1	--	3
Vermont	--	1	--	--	1	6	--	--	--	--	1
W. North Central											
Iowa	--	7	--	--	--	4	--	--	--	1	3
Kansas	--	7	--	--	--	5	--	--	--	1	2
Minnesota	--	6	3	--	--	7	--	1	2	1	11
Missouri	--	8	4	2	1	4	2	1	2	1	2
Nebraska	--	3	2	--	--	2	--	--	--	--	4
N. Dakota	--	1	--	--	--	2	--	--	--	--	1
S. Dakota	--	--	--	--	--	6	--	1	--	--	1
South Atlantic											
Delaware	--	1	--	--	--	1	--	--	--	--	3
Washington, DC	--	3	--	--	--	4	1	--	2	7	13
Florida	--	15	6	3	3	3	1	1	1	6	12
Georgia	--	6	1	1	--	2	1	--	1	4	10
Maryland	--	2	4	3	--	3	1	1	1	1	9
N. Carolina	--	12	2	3	2	6	--	10	2	3	8
S. Carolina	--	3	--	--	--	3	--	1	--	--	4
Virginia	--	7	2	9	1	4	--	3	2	--	3
W. Virginia	--	4	--	1	--	2	--	1	--	--	2
E. North Central											
Illinois	--	14	3	--	8	10	--	1	3	3	51
Indiana	--	11	2	3	--	11	2	--	1	1	1
Michigan	--	9	--	--	3	10	1	--	1	3	7
Ohio	--	12	5	2	--	11	3	4	3	1	4
Wisconsin	--	13	--	--	2	4	7	2	1	1	6
W. South Central											
Arkansas	--	3	--	1	--	--	--	3	--	1	3
Louisiana	--	6	1	1	--	1	--	1	--	4	6
Oklahoma	--	5	1	--	--	2	--	3	--	--	5
Texas	--	19	6	3	--	4	2	5	3	3	11
Mountain											
Arizona	--	5	1	1	--	--	--	--	1	--	8
Colorado	--	6	1	4	1	11	--	--	--	--	4
Idaho	--	1	--	--	--	2	--	--	--	--	3
Montana	--	--	--	--	--	5	--	--	--	--	1
Nevada	--	--	--	--	1	--	--	--	--	--	--
New Mexico	--	3	2	--	--	1	--	--	--	--	9
Utah	--	4	2	--	--	1	--	2	--	--	2
Wyoming	--	--	--	--	--	2	--	--	--	--	--
E. South Central											
Alabama	--	5	--	1	--	1	--	--	--	1	4
Kentucky	--	4	1	1	--	5	--	5	1	--	4
Mississippi	--	2	--	--	1	--	--	--	--	1	2
Tennessee	--	9	--	3	--	2	--	2	1	1	7
Pacific											
Alaska	--	--	--	--	--	--	--	1	1	--	--
California	--	27	4	2	--	15	1	2	6	13	66
Hawaii	--	--	--	--	1	--	--	--	--	--	6
Oregon	--	1	--	--	--	3	--	--	--	--	4
Washington	--	5	1	--	--	1	--	1	3	3	10
Puerto Rico	--	--	--	--	--	--	--	1	--	--	--
Totals	**39**	**309**	**67**	**61**	**63**	**247**	**30**	**53**	**68**	**107**	**620**
States	**1**	**43**	**32**		**48**		**17**	**23**	**28**	**37**	**48**

CHAPTER I

SUMMARY AND CONCLUSIONS

Over a decade ago, in the first comprehensive investigations of the economic conditions of American theatre, William J. Baumol and William G. Bowen, authors of Performing Arts: The Economic Dilemna (New York: The Twentieth Century Fund, 1966), and Thomas Gale Moore, in The Economics of the American Theatre (Durham: Duke University Press, 1968), concluded that the theatre was caught in a perpetual cost-revenue squeeze. They argued that this was caused by a tendency for the costs of producing a live performance to grow more rapidly than the revenues obtained from it, and there were few possibilities in live performances for increasing productivity that characterizes the rest of the economy. Baumol and Bowen called this phenomenon the "cost disease." The relatively slow growth rate of revenues, these studies found, was due to fierce competition from other art and entertainment forms and to a commitment by some performing arts groups to keep admission prices low in order to reach as wide a public as possible.

Of their prognoses for the future, Baumol and Bowen wrote:

"This conclusion has implications that are rather sobering. It suggests that the economic pressures which beset the arts are not temporary—they are chronic. It suggests that if things are left to themselves deficits are likely to grow. Above all, this view implies that any group which undertakes to support the arts can expect no respite. The demands upon its resources will increase, now and for the foreseeable future. Happily, however, we shall see that contributions have also been growing and that there is some reason to hope that the sources of philanthropy will be able to meet much of the expanding need for funds. Some classes of performing organization—especially the established groups and those with well-organized fund raising machinery—may, therefore, find survival in the future no more difficult than it is today. But for the small, more experimental and less well-organized groups, and the organizations which are not operated on a non-profit basis and so do not live by philanthropy, a state of financial crisis may not just be perennial—it may well grow progressively more serious."

This report examines what has happened to the condition of the live professional theatre in America between 1966 and 1977. Have the effects of the cost-revenue squeeze become progressively worse, as predicted? What is the current economic condition of the professional theatre, what accounts for this condition, and how has it developed within the period?

Theatre in America is diverse and "professional" is a difficult critical term. The following criteria were established as guides to gathering data for this study. A theatre had to meet one of the following conditions:

It had to be eligible for support from the theatre program of one of the major granting institutions (e.g., the Arts Endowment, a state arts council, Ford Foundation);

It had to be a member of the Theatre Communications Group;

It had to employ actors under Actors' Equity Association contracts;

It had to employ paid actors or clearly intend to pay actors.

Information was gathered on the live commercial and nonprofit professional theatre in every state (see Table 1). A limited amount of information is also included on amateur school and community theatre to provide a more complete picture of the nature of theatrical activity in the country. While the report is filled with data on trends and conditions, it is not a complete, logically consistent collection of information on all aspects of the theatre of the sort available for some economic activities (as can be found in the National Income and Products accounts).

A word on the statistics: There may be a tendency for numbers, particularly many figures relating to a broad subject, to take on a life of their own. The reader may begin unintentionally to equate bigger with better (or with worse). There is no intention here to suggest that one sort of data on a theatre—attendance or number of productions or box office grosses—implies anything about the artistic importance of that theatre. Data alone do not set priorities for government policy. Special attention is called to Chapter V in which theatre professionals discuss the condition of the theatre from perspectives of committed, experienced artists and workers. Their insights give dimension to the partial picture of economic data. Economic facts are but one part of the state of theatre in America.

The analysis in the following chapters demonstrates that the theatre has adjusted well to the changing economic conditions between 1966 and 1977. Theatrical activity expanded, while the relationship between costs and revenues remained about what it was at the time Baumol and Bowen (1966) and Moore (1968) made their studies. The tendency for a cost-revenue squeeze is serious, however, and the future remains uncertain.

One measure of growing interest in theatre is attendance. In 1977, it was estimated to be 63.8 million at professional theatre (not including street theatre) and 60.7 million at amateur theatre. A conservative estimate is that 1 out of every 10 adults attended a live professional theatre performance in 1977 and 1 out of 3 attended some sort of theatre.

In the professional theatre, there were 3,200 productions with 95,000 performances in 1977. Activity seems to be increasing overall, with some indicators remaining constant while others grow. For example, attendance on Broadway has shown no long-term tendency between 1952 and 1977. After the drop in attendance during the early 1970s, there has been a remarkable increase in the last three years to earlier levels. Similarly, the number of productions on Broadway since 1952 and the number of performances since 1947 have fluctuated about a fairly constant number over the period.

Theatre activity has increased regionally. The larger nonprofit theatres doubled their attendance since 1966 to more than 11 million. Among a sample of 30 established nonprofit theatres (with budgets in excess of $250,000 a year), the number of productions remained the same between 1965 and 1977 while attendance during this period increased (from 2.5 million to 3.8 million at their home theatres), and the number of performances has grown at an average rate of 2.5 percent a year. Dinner theatre audiences have risen to 11.1 million, finding audiences in the country, where little professional theatre has existed. And still another sign of increasing activity is that the number of new plays produced each year seems to have doubled since 1969.

A remarkable pattern underlying the data in Tables 1 and 2 is the size and variety of professional theatre outside of New York City. New York City accounts for 19 percent of the total audience figure while 81 percent is distributed throughout the rest of the country. There are several reasons for this dispersal and important among them are two trends: the growth of nonprofit regional theatres and the emergence of truck and bus touring operations with split weeks and one-night stands (a total of 3.8 million attendance in 1976-77), making performances in small population centers possible; these have wide support.

Nonprofit theatres, regional and otherwise, are a recent development and have changed the nature of American theatre. Almost all nonprofit theatres operating today were founded in the last 20 years and the increase in their activity has been extraordinary. It appears that about half the professional theatre activity in America today is nonprofit and half is commercial. Moreover, these sectors share plays, productions, facilities, and personnel.

When 15 to 20 million people over the age of 16 attended the professional theatre during 1976-77, it is of interest to know something about them: who they are, what theatres they attended, and why. A profile of theatregoers based on data from established theatres shows that they are better educated and more affluent than the general population. There are more young persons in the audience than in the population as a whole and fewer old persons; the split between male and female is about even.

Audiences attend a wide range of types of professional theatre. In 1976-77, the breakdown by share of total admissions was: large commercial touring, 18 percent; dinner theatre, 17 percent; Broadway, 14 percent; large summer musical theatres, 10 percent; regional theatres (other than League of Resident Theatres or LORT), 10 percent; LORT (large regional), 9 percent; summer stock, 8 percent; truck and bus touring, 5 percent; small budget theatres, 3 percent; outdoor dramas, 3 percent; and nonprofit touring, 2 percent. There do not appear to be major differences among audiences for different types of the more established theatres, but there is no data on audience characteristics for experimental theatres. Experience and opportunity are apparently the biggest factors as to whether people attend.

Two studies (Baumol, Hilda and William. The Impact of the Broadway Theatre on the Economy of New York City. New York: League of New York Theatres and Producers, 1977, and Cwi, David and Lyall, Katharine. Economic Impact of Arts and Cultural Institutions: A Model for Assessment and a Case Study in Baltimore. Washington, D.C.: National Endowment for the Arts, 1977) indicate that the economic effects

from theatre are substantial. The Baumol study estimated that the Broadway theatre contributed about $160 million to the economy of New York City during the 1974-75 season, and a total of about $270 million to the national economy. From the Cwi and Lyall study it was shown that 8 cultural institutions (including 3 theatres) in the Baltimore, Maryland area generated almost $30 million of income in 1976. Using a conservative assumption that the average ticket price (see Table 2 for corresponding admissions) was $6.50, and using the procedure described in the 1977 Baumol study of the impact of Broadway theatre, the conclusion is that the nation's professional theatre could have contributed to the Gross National Product approximately $2.1 billion in 1976-77.

Whatever the theatre's effect on the economy, the economy certainly influences the theatre. The pressures of the cost-revenue squeeze become apparent in looking at the finances of the professional theatre. For example, the cost of producing Broadway theatre has increased since the mid-1960s at the rate of 5 percent per year for musicals and 10 percent per year for plays.

A similar situation exists for nonprofit theatre. Operating budgets for the larger nonprofit theatres have increased about 9 percent per year. Cost-saving measures have brought these budgets into balance for the most part; that is, unanticipated deficits are rarer than they were in the 1960s, and earned income (box office receipts, among other things) has increased at the same rate as operating expenses.

The American theatre appears financially stable with costs, prices, and activities higher. Investment on Broadway has increased at a rate of 5.9 percent since 1964. The average return on publicly offered Broadway investments is estimated at 13 percent since 1964, not high when compared to other risky business ventures. (Reportedly, the return rate for Broadway was higher from 1947 to 1958.)

In the nonprofit theatre, there are larger cash reserves and theatres handle their cash flows more carefully. Among the largest theatres, budgets have increased more than the general rate of inflation, indicating real growth in their activities. Although nongovernment donations are still larger than government ones, the share contributed by the public monies is increasing (from 3 percent of operating expenses to 10 percent in the last dozen years). The small nonprofit theatres have increased their budgets by 10 to 20 percent a year, a sign of considerable growth. They are more dependent than the larger nonprofit theatres on contributions, particularly government funds.

In addition to theatre finances, another indicator of the economic health of the theatre is facts about its labor force—unemployment, wage rates, and earnings. The data show conflicting patterns. On the one hand, the labor force of artists has become larger as measured by the rate of increase in union membership; for example, during the period 1961-75, Actors' Equity Association's membership increased at a rate of 3 percent per year. This indicates growth in the theatre when compared to a population increase of 1.6 percent and a labor force increase of 2 percent.

Employment data on actors show a different pattern. While total actor employment has increased (the fastest rate is for dinner theatres followed by nonprofit theatres), it has not done so as quickly as union membership. The result is that the average union actor finds less theatre employment each year. During the 1975-76 season, only 60 percent of paid-up Actor's Equity members worked at least once under Equity contract. And half of these worked less than 15 weeks. Average work weeks per member have fallen from 13 (in 1965-66) to 10 (in 1975-76). Figures from the United States Bureau of the Census and United States Bureau of Labor Statistics put the unemployment rate for actors between 30 and 50 percent since 1970. This rate seems much higher than could be explained alone by such frictional unemployment as actors moving between assignments and the fact that not all actors are suited for all parts.

Most actors receive low incomes. While the weekly minimum salaries for union members have increased to equal or exceed general rates, the median annual income of Equity members working under Equity jurisdiction did not exceed $5,000 in any year during 1970-77. The median income of Equity members from all sources in 1976 was between $7,000 and $9,000 a year. The data also show some trend away from using highly paid actors and actresses and also that labor expenses in relation to total production costs have decreased slightly. The patterns of high unemployment, rapid labor force growth, and low incomes suggest a deep commitment by the actors to the occupation and a willingness to undergo economic hardship to engage in it. Many theatre workers supplement their incomes with other jobs, earning as much from outside sources as from the theatre. A number of actors live in households with other sources

of income; only a fortunate few earn enough in the theatre to provide for their own needs and those of a family.

Employment and annual high incomes were much more secure for nonartistic theatre workers. Median income from all sources for stagehands (New York City Local No. 1) was over $12,000 per year, and for press agents and managers, median annual income under union employment was $10,000-$15,000.

It should be noted that the data on theatre labor tend to reflect the larger and financially better-off sectors of the theatre. For example, earnings may be less in the smaller, developmental theatres.

During the difficult period of the 1970s, the professional theatre made several cost-saving and revenue-generating adjustments. One such instance is in the cast size of Broadway shows, which has fallen in recent years. For musicals the average dropped from 36.8 members to 27.2 (1964-65 to 1975-76) and for plays from 13.4 to 11.4 (1968-69 to 1975-76). The nonprofit theatre has lengthened its seasons, cut the number of productions, and increased the average length of run (from 20 performances in 1965-66 to 27 in 1975-76). Also, newly constructed theatres are generally larger than older ones by a substantial margin. Theatres are pursuing new management techniques to handle finances and new marketing methods to attract and retain audiences.

There are limits to these measures, however: Casts can only be so small, seasons so long, and productions so few. Theatre professionals interviewed share the same concerns: Are less risky works being produced? Has the theatre used up its ingenuity in increasing earnings and controlling costs?

There are three possible futures for the theatre. First, the theatre may continue to find ways to control costs and increase revenues. If so, there is every reason to believe that the next decade will show continued increases in activity and financial stability.

The second possibility is for the theatre to become increasingly dependent on public and private contributions for its existence and growth. Under this alternative, earnings would cover an ever-shrinking portion of the theatre's budget; the theatre would become progressively dependent on philanthropy.

The third possible future is that financial constraints will cause the level of theatre activity in the country to fall. This alternative, although it may sound alarmist, should be regarded as no less plausible than the two named previously. Economic history gives many examples of goods and services that are no longer readily available because the cost or producing them has outgrown a public willingness or ability to pay for them.

It is not certain which combination of these futures is most likely. Clearly, many of the more obvious and easily implemented measures for controlling costs and increasing earnings are already being exploited, but they are limited in the extent to which they can continue to hold costs and revenues in balance. The individuals most knowledgeable about the status and prospects of the theatre—professionals in the theatre community—are worried about the theatre's ability to cope successfully in the future.

The conclusions of this report are guarded. Many of the questions raised about the future of costs and revenues have not been answered definitively. The results suggest that the theatre may be in for a period of retrenchment if substantial new sources of revenue are not found.

CHAPTER II

THEATRE ACTIVITY: ATTENDANCE, ORGANIZATION, AND AUDIENCES

This examination of the conditions and needs of the professional theatre in America begins with a description of activity in three broad (and sometimes overlapping) areas. The first area concentrates on attendance totals and the number of tickets sold. Trends are identified when such data are available. The second area looks at different types of theatre sizes and number of facilities, attendance figures, number of performances, productions, and playing weeks, relationship between commercial and nonprofit theatre, and the number of new plays. The third area deals with social characteristics of theatre audiences and with the attitudes of attenders (frequent and occasional) and nonattenders toward the theatre. Existing data on the theatre in America are seriously incomplete. Many of the figures reported in this chapter must be regarded as tentative estimates.

The conclusions to be drawn from the data are interesting in themselves but are also to be understood in relation to the entire report. First, it is clear that the audience for live theatre is enormous, and there are indications that it is increasing. Perhaps 16 to 20 million people attended professional theatre in 1977. When amateur theatre is included, the audience for professional theatre is not only large but it is also dispersed widely throughout the country. Attendance is divided among a variety of theatres and there is an increasing tendency toward diversification and regionalization. Well over half of all professional theatre attendance consists of audiences for regional, stock, and dinner theatre, while New York City accounts for less than one-fifth of total ticket sales.

Regarding attendance by theatre type, large regional theatres have doubled their attendance between 1965 and 1977 to 11 million. This increase can be attributed to an increased number of performances for each show, which has gone up at a yearly rate of 2.45 percent. During this period the number of productions has been steady since the 1970s; the percentage of the house capacity filled has remained about the same. This pattern of more performances of the same number of productions is probably one way theatres have controlled costs. Broadway attendance has recovered from the decline of the early 1970s and, at 8.8 million in 1976, seems to be returning to earlier levels. The number of productions has been roughly constant since the 1950s and the number of playing weeks is now the highest since 1948.

Road productions (tryouts, national companies, and bus and truck operations) have a total of 14.7 million in attendance. The building of new college auditoriums and multi-purpose civic centers during the 1960s has been a factor in this increase, especially for the bus and truck shows which alone count for an audience of 3.3 million. In its swings of activity, the road follows Broadway with a lag of a year or two.

Dinner theatre, too, has grown greatly, particularly outside of traditional theatre markets. While precise figures are hard to come by, a conservative estimate is that the 1976 dinner theatre attendance was 11.1 million. In the same year, summer theatre of various sorts totaled over 13.2 million and small budget nonprofit theatre 8.6 million. The activities of this last category are particularly important to the theatre as a source of new artistic and cultural expressions. It includes the 200 Off-Off-Broadway theatres which are the core of the developmental and ethnic theatre movements and which had an estimated 1.7 million attendance in 1977-78.

Not only is attendance up in these theatre forms but there is evidence that the number of new plays produced throughout the country has doubled in the past 10 years. With all this increase in activity has come a change in the organization of professional theatre through the growth of nonprofit theatre which began in the 1960s. While most commercial activity is organized on a production-by-production basis, many nonprofit theatres have sought to become permanent institutions in their communities. Yet in spite of the very real differences between them, the evidence is that commercial and nonprofit theatres share facilities, plays, and personnel.

There are sound reasons—because of the economics facing both types of theatre—for believing that this interdependence will increase in the future. Each type of organization offers certain advantages that complement those offered by the other. The nonprofit theatre is well-suited to the development of new works and talents, and to the production of works with little commercial potential. The commercial theatre may provide a vehicle for national

Table 2 **Attendance by theatre type 1976-77**

	Facilities	Capacity (seats)	Productions	Performances	Attendance (millions)
Broadway	[illegible]	49,000	[illegible]	10,800	[illegible]
Road	[illegible]	700,000	[illegible]	9,000	[illegible]
Dinner	[illegible]	45,000	[illegible]	32,000	[illegible]
Large musical arenas and hardtops	[illegible]	99,000	[illegible]	3,000	[illegible]
Small summer stock	[illegible]	100,000	[illegible]	22,000	[illegible]
Outdoor	[illegible]	---	[illegible]	2,000	[illegible]
LORT	[illegible]	38,400	[illegible]	13,200	[illegible]
Nonprofit touring	[illegible]	---	[illegible]	3,000	[illegible]
Other small budget	[illegible]	---	[illegible]	---	[illegible]
Total	[illegible]	1,031,400	[illegible]	95,000	[illegible]
Community	[illegible]	---	[illegible]	45,000	[illegible]
College	[illegible]	---	[illegible]	30,000	[illegible]
High school	[illegible]	---	[illegible]	150,000	[illegible]
Total	[illegible]	---	[illegible]	225,000	[illegible]

and international recognition of artistry as well as attractive financial rewards.

The social characteristics of theatre audiences indicate these audiences are, in relation to the general population, more educated and more affluent; they contain more young adults and more persons from professional occupations (but about the same number of men and women; however, female professionals attend more often than males); they are more likely to be urban and from the northeastern region of the country. Apparently there is little difference among audiences for the different types of theatre on which data was collected. However, little is known about the new audiences for regional and dinner theatre; and developmental theatres in particular are likely to attract a different audience than the more established theatres.

Also, the data show that theatre audiences seem to feel very committed to the theatre, satisfied with their experiences, and consider the experiences highly valuable. People go to the theatre if they are familiar with it and if they have the opportunity; they fail to go if they lack exposure and (for selected groups) because of cost, inaccessibility, and fear of going out at night. Theatre attendance also depends on the distance of the theatre. Radio, TV, and movies do seem to compete with theatre, especially for younger and older audiences.

Finally, there is evidence that while the general public is in favor of supporting the arts through taxes, there is no widespread agreement on support for the theatre in particular. At the end of this chapter is an argument that price increases may dampen ticket demand more than earlier studies suggested.

These conclusions are based on existing data which are seriously incomplete. Thus many of the figures reported here must be regarded as tentative estimates. No new surveys of audiences were undertaken but a comprehensive list of existing studies and sources on theatre audiences was assembled. This task was made easier by the work of a concurrent research project on the arts, National Endowment for the Arts Research Report #9, Audience Studies of the Performing Arts and Museums: A Critical Review (see list at the back of this report). The authors graciously gave access to the studies they had gathered. Data were obtained from a variety of sources, including theatre service organizations, commercial trade publications, individual theatres, grant-making institutions, community and state arts councils, and government agencies.

THEATRE ATTENDANCE

There are several different approaches in estimating total American theatre attendance. Given the data available, the best overall estimate is based on surveys which ask people how often they attend. One national survey which asked questions about theatre-going was undertaken in 1973. Although several years old, its figures probably do not differ greatly from current ones.

When 32 percent of the national adult population sampled in 1973 said that they had attended a "live theatre" performance at least once in the previous 12 months, this would mean that 46.6 million adults had gone to the theatre that year. Moreover, 9 percent of the sample reported attending only once, 12 percent two or three times, 6 percent four or five times, 3 percent six to nine times, and 2 percent more than nine times. On this basis, the estimated number of tickets sold (or given away) would be 157.8 million.

There are two problems here: the reported attendance may have been inflated because people responding to surveys sometimes wish to appear more knowledgeable about or more involved in the subject than they really are; and the survey did not distinguish professional theatre from school plays, free community programs, church skits, amateur theatre, and so forth.

Because of these problems another estimate was made drawing on a Ford Foundation survey of 12 cities in 1972 and using its figures in combination with the national survey. The Ford Foundation reported that 16 percent of its urban sample had seen at least one professional play the previous year. According to the national survey, theatre attendance in cities and suburbs was 1.4 times higher than in the country as a whole. This would mean that approximately 11 percent of the nation, or 16 million adults, saw a professional play in 1973. If one then uses the national survey's ratio of tickets to attenders, the tickets sold to professional theatre would be 54.4 million.

As a check on this figure, theatre attendance can be estimated by examining theatre receipts. In 1972 the U.S. Census of Business reported $277.2 million in receipts for "producers of legitimate theatre." Of this, $52.3 million was from Broadway where the average ticket price (February 1971) was $7.81, which would result in an estimated attendance of 6.7 million. Corresponding figures for the "road" (commercial touring) were $49.7 million in receipts with an average ticket of $5.96, yielding 8.3 million attendance. If half the remaining $175.2 million in receipts is attributed to the larger resident and stock companies (average ticket $5) and half to smaller theatres (with a $3 average ticket), this would result in additional attendance of 46.7 million. The overall total is 61.7 million.

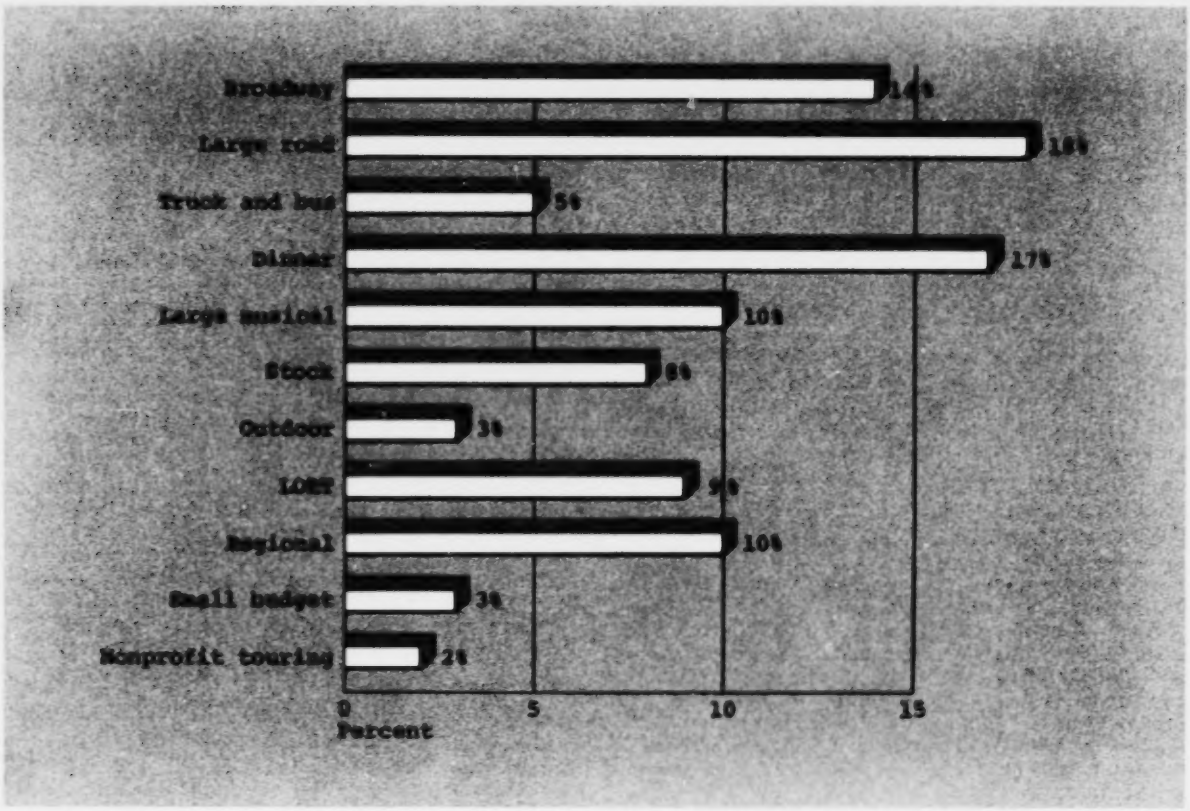
Separate estimates of attendance can be made for each of the various types of professional theatre in 1976-77 (see Table 2). By this method, total attendance is 63.8 million for that season. Figure I (on the following page) shows comparative attendance by a slightly different classification. Here "Road" is divided into "Large road" and "Truck and bus"; "Regional and small budget" together approximate the "Other small budget" of Table 2.

The evidence of trends in attendance suggests that, after a decline in the early 1970s, attendance has returned at least to the levels of the beginning of the decade. If this is the case, the estimates for 1972 would approximate the attendance in 1976-77: all the estimates fall within the range of 55 to 65 million tickets which represent 16 to 20 million persons attending professional theatre. It is likely that attendance figures for amateur theatre are at least this large.

In addition to these totals, estimates of trends in attendance, average audience size, percent of capacity filled, and average ticket price can be calculated for Broadway, the road, and regional theatres.

Broadway attendance reached a high in the period of nearly 11 million during the 1967-68 season. It dropped steadily to a low of 6 million until the 1972-73 season. While sources within the theatre industry arrived at a somewhat lower figure for the 1967-68 season (9.5 million), there is agreement that attendance declined from the mid-1960s through the early 1970s. On the surface, these yearly figures appear to indicate that the slump of the early 1970s was temporary and that attendance is recovering. It is instructive to consider the longer-range trends for Broadway attendance. Figures indicate that during the early 1970s slump, attendance was lower than anytime since the Great Depression of the 1930s. Even after

Figure I **Attendance by theatre type 1976-77**



three years of increase, the 1976-77 weekly attendance figures remain lower than for any year between 1943 and 1970.

Attendance for road (national touring companies only) performances are available only since 1970 and indicate that the road follows Broadway with a lag of one or two seasons.

In contrast to both Broadway and the road, attendance at LORT (League of Resident Theatres) and "other" regional theatres has risen steadily over 11 seasons. The figure for 1976, in fact, was about double that for 1966. In other words, while Broadway and the road have held their own, regional theatre attendance has grown dramatically. This is an important trend, one that probably would be even more pronounced if attendance trends of dinner and stock performances were available for the same time period, since all indications are that these have grown, too. For whatever reasons, it appears that a significant degree of "regionalization" has taken place in patterns of theatre attendance over the past decade.

This increase in attendance is not the result of upward trends in average audience size and in percent of theatre capacity filled. These have remained almost constant during the past seven seasons of regional theatre. Instead, the increase has to do with the number of performances given, which is discussed in the next section.

Finally, information is available for estimating trends of the average ticket price for Broadway, the road, and regional theatre for the seasons between 1970 and 1977. Ticket prices in all three have risen substantially—by about 20 percent for regional theatre, 40 percent for Broadway, and 45 percent for the road.

These increases raise the question of what their effect has been on attendance. The relation between price and demand is considered in more detail later in this chapter, but it is apparent that increased ticket prices have not produced a corresponding decrease in attendance. Nor does there seem to be any clear connection between year-to-year changes in ticket price and year-to-year change in attendance. When Broadway prices increased the most (between 1974 and 1975), attendance also increased that year, as it did the next. What cannot be concluded from these data alone, of course, is whether or not the increases in ticket price may have dampened potential attendance, that is, whether or not attendance may have been still higher had ticket prices not been raised.

THEATRE ORGANIZATION AND ACTIVITY

The following section discusses basic statistical data on such matters as theatre facilities, ticket sales, productions, and performances for various types of theatre. The data are primarily from theatre activity in the 1976-77 season but whenever possible comparisons are made with the past. As with any attempt to describe a complex activity, the categories for theatre types are in some sense arbitrary. They are chosen as a convenient and useful way to describe theatre activity and they are based on such considerations as Actors' Equity Association contract types and National Endowment for the Arts Theatre Program classifications.

There are several sorts of theatres for which there was little data available and so little analysis has been done. This does not imply any judgment about the relative quality or importance of the work of such theatres, only that time constraints and availability of information meant that the coverage had to be less detailed.

The following types are considered:

Broadway	Off-Broadway
Road	Regional theatres with budgets under $250,000 (inc. Off-Off-Broadway)
Dinner	
Summer	
Regional theatres with budgets over $250,000	Black & Chicano
	Other small theatres

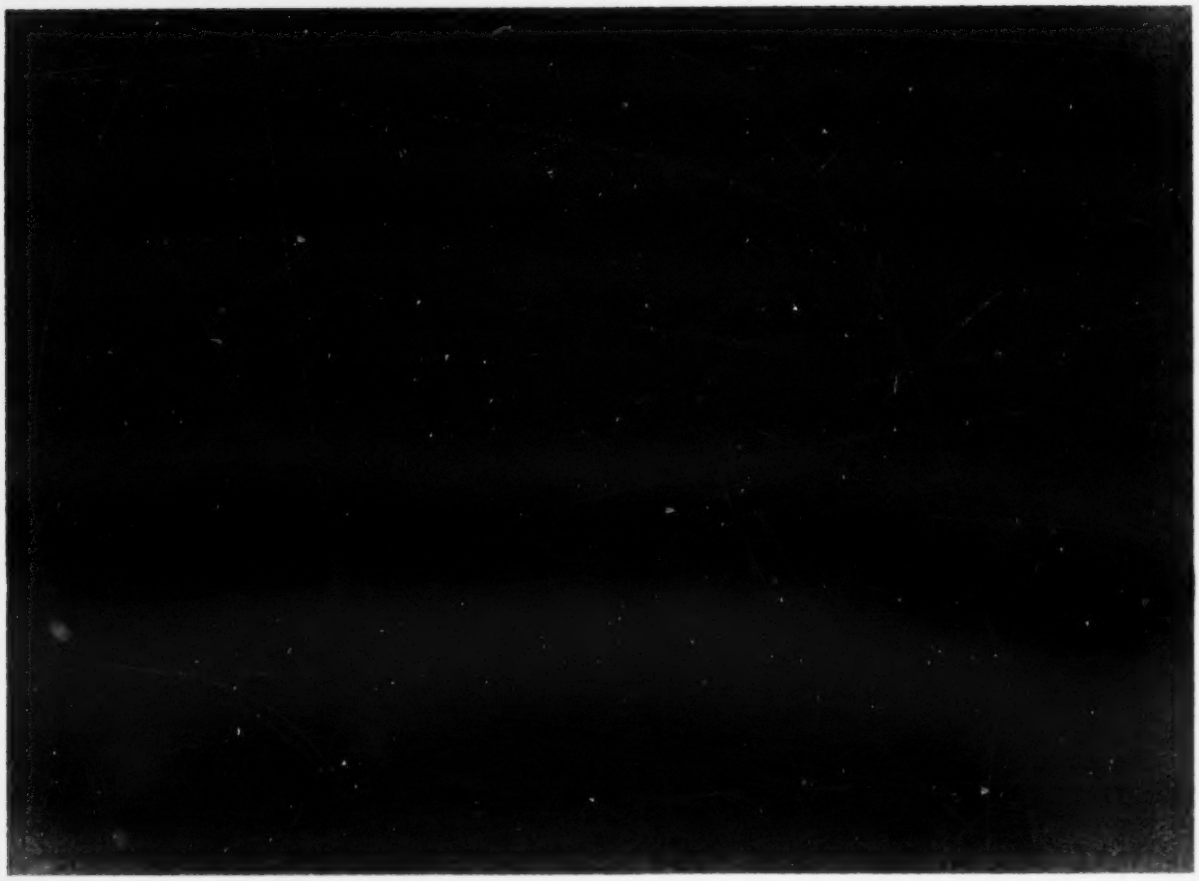
The examination of theatre organization and activity concludes with the relationship between commercial and nonprofit theatre and data on production of new plays.

Broadway

Broadway currently consists of 39 theatres that operate under Actors' Equity Association's Production Contract. Most of the productions in these theatres are presented on a commercial basis. In the 1976-77 season, these 39 Broadway theatres produced 63 plays for 10,776 performances to an audience of 8.8 million. With a total seating capacity of 49,000, the average theatre capacity was 1,256.

The data on Broadway theatre have two interesting features. First, Variety records that the number of productions mounted on Broadway grew from 1900 until 1928, declined between 1928 and the early 1950s,

Figure II **Annual Broadway productions 1900 to 1977**



and since then has been roughly constant (see Figure II). Along with this overall pattern are sharp year-to-year swings of activity. Each season's activity depends on unpredictable variables such as the availability of capital and the decisions of relatively few people on whether to mount a production. The number of performances per year is probably the best barometer of public interest. (Yearly grosses, for example, are affected by inflation.) What the performance figures show is that despite continued business stagnation, the ills of the inner city, the flight of population, and the rising costs of theatre attendance and associated services such as taxis and restaurants, the public is returning to Broadway theatre.

The number of playing weeks (8 performances per week) has fluctuated sporadically between 1,325 in 1948 and 1,012 in 1953, until the catastrophic 1972-73 season which had only 889 playing weeks. This was followed by an immediate upturn; and 1976-77, with 1,347 playing weeks and roughly 10,700 performances, was the best year on record.

The 1977-78 season was reported to be even better, with every Broadway theatre in operation and productions waiting for a theatre vacancy. Extra seats were placed into the theatres since the previous high points in the 1920s and performances are now given in the summer, thanks to the installation of air conditioning, so there is a potential for more performances and larger audiences than ever before.

The pattern of fewer new productions (but record audiences) seems to indicate that Broadway financial backers are very careful about incurring risks, no doubt because of the high cost of mounting a production. They are investing in only a few, promising ventures and they are using more and more material that has been tested elsewhere, either in regional theatres or from Off-Broadway productions.

Road

In addition to its New York City audience of 8.8 million, the Broadway complex reaches beyond local Broadway performances with pre-opening tryouts, traveling road companies of current or recent shows, and special touring productions adapted for multi-purpose auditoriums in smaller population areas. In the 1976-77 season, these combined road activities accounted for approximately 14.7 million paid admissions. By comparison, the total sale of theatre tickets in New York City--Broadway, Off-Broadway, and Off-Off-Broadway combined—was about 10 million.

The modern commercial road touring system is an ingenious three-tiered network designed to bring live theatre to large and small population areas with suitable performing space. Theatre clubs which sponsor local performances of road productions are common, and both professional managers and unpaid volunteers book attractions into their communities.

The first tier in the network is composed of national touring companies. These are the deluxe operations—lavish productions, comparable to the Broadway original, which are staged, cast, and rehearsed by the original producers, often while the parent show is still running on Broadway. They are booked into "key cities" (Los Angeles, Washington, D.C., Chicago, Boston, Detroit, San Francisco, Philadelphia, Baltimore, Miami, Dallas, Cleveland, St. Louis, Wilmington, and Pittsburgh) for at least a week or as long as business remains brisk. Everything travels—cast, crew, musicians, sets, props, and even lights if necessary. Ticket prices sometimes equal New York's and these productions work against a guarantee of about 75 percent of capacity attendance.

The Independent Booking Office is the chief distributor of the national tours. In 1975-76 this office scheduled eight musicals which toured for 356 playing weeks (2,848 performances) and nine plays which toured for 292 playing weeks (2,335 performances). The Office estimates that there are about 140 theatres in 34 states and the District of Columbia that can handle productions of Broadway size and complexity. However, the number of cities that can financially sustain a run of the increasingly expensive major productions seems to be shrinking. Most of the 140 theatres cited are used for other purposes or are not used at all.

The second level in the road network is composed of bus and truck companies operating on a split-week basis. During the last 10 years or so, special mobile operations have been developed to serve small population centers. The sets, lights, and costumes can be dismantled in two or three hours and loaded onto a truck, which then drives to the next booking. The cast and the crew travel by bus.

Theatres that can sustain at least a three-day run, or have less sophisticated theatrical facilities, will book a split-week production. This is a full restaging of a successful Broadway show. The producers

Table 3 **Regional distribution of facilities suitable for Broadway tryouts or touring 1976-77**

Region	Civic centers	Capacity (seats)	Colleges	Capacity (seats)	Commercial	Capacity (seats)	Total facilities	Total capacity (seats)
Middle Atlantic	29	75,777	11	15,950	7	12,597	47	104,324
Northeast	4	9,100	4	6,525	5	8,118	13	23,743
West North Central	16	42,384	13	21,056	3	7,359	32	70,799
South Atlantic	35	87,017	15	27,821	3	4,900	53	119,738
East North Central	34	84,606	17	48,478	8	14,750	59	147,834
West South Central	20	48,362	13	34,090	---	---	33	82,452
Mountain	11	21,247	7	12,150	1	1,814	19	35,211
East South Central	17	44,080	3	7,575	---	---	20	51,655
Pacific	19	49,541	4	9,621	10	18,768	33	77,930
Total	185	462,114	87	183,266	37	68,306	309	713,686

do their own booking, and have a guarantee of 50 or 60 percent of capacity (which may or may not include local expenses and advertising). Operating costs are roughly similar to Broadway costs. There is some saving on designers' fees, royalties, and rent; but transportation costs must be built into the packages and there are hotel and restaurant expenses for the personnel.

The third tier in the road network is made up of bus and truck companies performing one-night stands. Here the set is "softer" and can be struck in an hour or two. The company can play in six different places in one week, proceeding to the next stop after each show. The theatre pays the producer a straight fee rather than a guarantee or a percentage.

One of the important differences between the modern road tour and those of the past is that of the facilities available to road tours, only 37 of the 309 theatres where they play remain privately owned. The remaining houses, except for some municipally renovated old theatres, are multipurpose halls used for music, dance, rock attractions, movies, conventions, meetings, and community activities; 87 are college or university-owned facilities and 185 are civic centers (see Table 3). There are road houses in 43 states, a degree of dispersion surpassed only by the summer stock and small theatres (see Table 1).

Much of the data for estimating road activity comes from Variety reports of box office grosses in the key cities which include both tryouts and large touring productions. These two types of productions use the same theatres; together they had an audience of 11.4 million in 1976-77. Tryouts, however, are a small part of this figure. They take place in a few well-equipped theatres with established audiences. Also, they are being supplanted by less expensive ways of testing audience reaction before an official Broadway opening. Tryouts are in a decline while touring increases.

Bus and truck operations represent an ac-

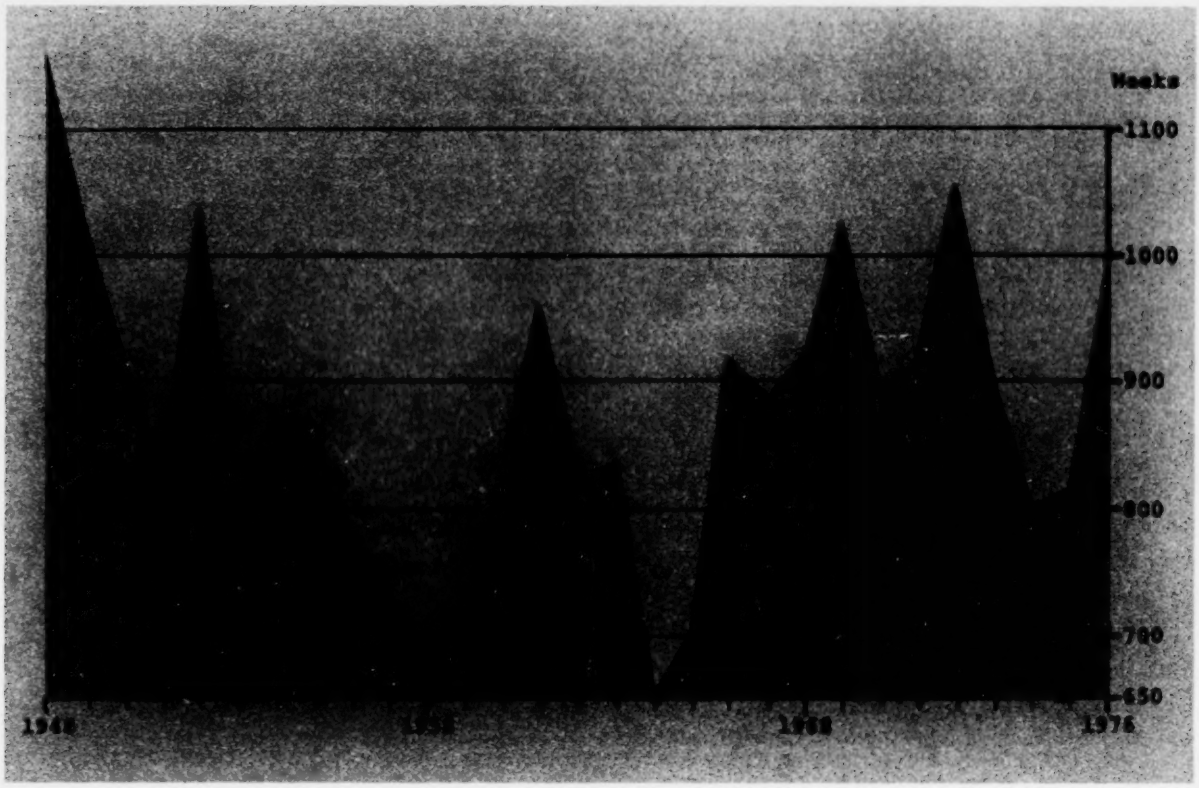
tivity that grew up during the 1960s with the construction of new civic centers and college and university auditoriums. Based on the 1976-77 itineraries of most of these productions, there were approximately 1,600 performances. Attendance was 3.3 million (assuming an average 80 percent of capacity). Combining this estimate with the figures for large productions and tryouts would mean that the total attendance for road theatre activity in 1976-77 was 14.7 million.

In Economics of the American Theatre, Thomas Moore pointed out that, "Before World War I Broadway existed largely to supply the Road with shows. Productions were launched in New York and Chicago with the intention of trying them out. After a relatively short run, they were sent on tour." Moore concluded that in the 1960s the situation had been completely reversed, and he foresaw "an unhealthy future for the Road." Broadway-type performing activity outside of New York did decline markedly in the 1950s and 1960s, Moore noted, reaching a low of 643 playing weeks by the 1964-65 season. Since then, however, the trend has reversed and although there have been sharp, cyclical swings, as seen in Figure III, the road is grossing almost as much as Broadway.

There are four reasons for the recent upswing in road activity. First, there is a large market for plays that have had successful runs on Broadway, and the road profits from Broadway success. Previously a producer would wait until a Broadway show was established before mounting a traveling show; the tendency now is to have as many companies on the road as soon as possible to help offset the enormous costs of a Broadway production.

Second, the building boom of the 1960s

Figure III **Road activity—playing weeks in key cities 1948 to 1976**



created a supply of large, modern theatres and auditoriums where performances can take place. These theatres have an average of 500 more seats than their earlier counterparts. Also, they are considerably larger than Broadway houses, which may explain their relatively high profitability.

A third reason road activities have expanded is the emergence of bus and truck operations. And lastly, it seems that throughout the country, a public has been educated to the idea of live theatre, possibly through the audience-building efforts of the nonprofit regional theatres.

The persons interviewed for this study were unanimous in their belief that a market always exists for such proven (and scarce) material as successful Broadway shows. They also maintain that there are not enough suitable houses in operation to satisfy the potential demand even for this limited supply. New theatres built in the 1960s, which were often funded by public subscriptions and municipalities through the leadership and prompting of the local arts councils, have begun to fill this need. Space in civic centers is leased at prevailing market rates, incidentally, and such rentals can be a profitable operation for the municipality.

It is not known what effect increasing the number of Broadway shows and facilities would have on tryouts and touring operations. According to theatre sources, truck and bus tours are no longer growing operations. They originally met theatre requirements of the large, multi-use buildings constructed in the 1960s.

Dinner

Dinner theatre, which started to expand in the early 1970s, is one of the largest sources of employment for actors, according to Actors' Equity Association. These theatres are run for profit, often by small entrepreneurs with experience in the food or theatre business, who are reluctant to disclose details of their operations. The study data are incomplete. Apparently, dinner theatres have an extremely high attrition rate, and yet between 1971 and 1977 their numbers have burgeoned, with many enterprises now well-established.

The cost at a dinner theatre for meal, show, and parking is $9-$13 per person for well over half the theatres. Prices are very competitive, and profits are usually made on sales from the bar. The theatrical fare is light, consisting almost entirely of musicals and comedies. It is a highly important new industry, and many dinner theatres are now in areas where live theatre has not previously flourished.

There are 67 Equity companies and 61 others listed in Leo Shull's Dinner Theatres (New York: Leo Shull Publications, 1977). All of them, whether Equity houses or not, are commercial. According to information from the League of New York Theatres and Producers, the median size of a house is 290 seats and the average number of productions is 10 a year. For an operation to remain in business, an average of 75 percent of capacity is necessary. Estimated yearly dinner theatre attendance is based on 80 percent capacity in each theatre, 6 performances per week for 52 weeks. The actual seating capacity and annual number of productions was available in most cases; otherwise the 290 seat median house is used as an average seating capacity.

Based on these figures, dinner theatres during the 1976-77 season had an annual attendance of almost 11.1 million at 32,000 performances. This is certainly underestimated, for there seem to be many local dinner theatres throughout the country which could not be identified.

There is some reason to suspect that dinner theatre is a spontaneous, grassroots effort to provide a local entertainment version of a night out for dinner and a Broadway show for those who live in areas where the opportunity has not existed. For example, William Gardner, who runs the small, prestigious Academy Festival Theatre in Lake Forest, Illinois, says, "As a theatre that is attempting to do the classics and more difficult modern plays, we find our audience is growing, and we find them coming from dinner theatre. They are people who left their television sets to see television stars and old-time movie stars in dinner theatres. If the experience of going to the dinner theatre has been a pleasurable one, they will try other theatres."

Table 4 gives the geographic breakdown of dinner theatres according to Actors' Equity Association, personal interviews, and Shull's Dinner Theatres. They are more concentrated in the South Atlantic states and the Midwest than in the traditional theatre markets of the Northeast and the Pacific coast--an indication that they are attracting a new audience for live performances. Well over half draw on areas with a population of less than a million in a 100-mile radius; often dinner theatres are located on the fringe of a city or in its suburbs. Slightly more than half of the

Table 4 **Regional distribution of dinner theatres 1977**

Region	Equity	Non-Equity	Performances	Productions	Total capacity (seats)	Estimated attendance
Middle Atlantic	7	12	6,750	190	5,155	1,286,688
Northeast	6	5	2,750	110	5,649	1,409,989
West North Central	9	2	2,750	110	5,094	1,021,862
South Atlantic	15	20	8,750	350	10,434	2,604,326
East North Central	11	4	3,750	150	5,864	1,463,653
West South Central	7	5	3,000	120	5,223	1,303,660
Mountain	6	5	2,750	110	3,567	887,826
East South Central	1	6	1,750	70	2,201	549,369
Pacific	5	2	1,750	70	2,429	606,278
Total	67	61	32,000	1,280	44,606	11,133,651

dinner theatres have Equity contracts. A large dinner theatre hires 50 to 60 part-time people, many of them students, as actors, technicians, waiters, and other helpers. In addition to the usual restaurant staff, a dinner theatre generally requires two to four additional full-time people at the box office.

Summer

A variety of purposes are served by summer theatre. Aside from its function of selling entertainment, it is traditionally the area in which neophyte actors and other theatre professionals gain experience and credits. Some studies indicate that summer theatres contibute to the economies of surrounding areas; the large musical tents and other theatres in resort areas, many of them profitable enterprises, do a thriving business.

Summer theatre is found in almost 400 locations in virtually every part of the country—on college campuses, in huge outdoor facilities in large cities, at historical sites and religious centers, and serving summer resorts. The fare ranges from classical and avant-garde drama (typically on college campuses), through yearly Shakespeare festivals, to touring packaged productions of older Broadway plays starring television personalities and movie stars. Musical productions represent a popular form of summer theatre fare around the country.

There are 63 theatres that have summer stock contracts with Actors' Equity Association. Apart from these, it is difficult to find information on the number, geographical distribution, size, professionalism, and level of activity of such theatres. There are, however, two handbooks that are published as guides for those seeking employment, Leo Shull's Summer Theatres (New York: Leo Shull Publications, 1977) and American Theatre Association's Summer Theatre Directory (Washington, D.C.: American

Table 5 **Regional distribution of summer stock companies 1977**

Region	College	Nonprofit	Commercial	Other	Total companies	Equity	Percent Equity	Total capacity (seats)	Estimated attendance
Middle Atlantic	21	14	22	11	68	19	28%	35,342	1,236,970
Northeast	15	17	16	11	59	20	34%	22,822	798,770
West North Central	21	4	4	2	31	1	3%	12,783	447,405
South Atlantic	20	12	1	1	34	6	15%	21,726	760,410
East North Central	29	9	16	5	59	13	22%	25,048	876,680
West South Central	7	--	--	--	7	--	0%	2,850	99,750
Mountain	12	1	5	6	24	2	8%	9,172	321,020
East South Central	4	1	--	3	8	1	13%	3,725	130,375
Pacific	11	6	1	2	20	1	5%	7,219	252,665
Total	140	64	65	41	310	63	20%	140,687	4,924,045

Theatre Association, 1977). The data summarized in Table 5 are based on these sources, on information from Actors' Equity Association, and on interviews conducted with theatres. While incomplete, the data are an indication of summer stock activity throughout the country. There are 310 theatres in this category, and they were attended by almost 5 million people in the 1976-77 season. The number of theatres increased by 11 percent and states with summer theatres increased from 34 to 45 states between 1965 and 1977.

Only about 20 percent of summer theatres have contracts with Actors' Equity Association and many are operated for profit. Less than 40 percent of summer theatres gave information on salaries, and only one third of those giving such information said that they pay actors at all. There is an ample supply of young, would-be professionals willing to work for nothing or very little, because experience is required to join Actors' Equity Association and enter the profession.

Close to half of the summer theatres are located on college and university campuses. Some of these operate as classes for advanced students and charge tuition.

Others provide a large range of theatre from fully professional to resident groups built around one or two members of Actors' Equity Association. In addition, about 20 percent of summer theatres are a wide assortment of nonprofit theatres ranging from highly professional, respected companies to teenage summer schools. And another 20 percent are commercial theatres, many of which present a summer of 10 to 12 one-week runs of specially packaged traveling productions rather than producing their own shows.

Table 5 gives geographical distribution of summer theatres. College-affiliated summer theatre is strong almost everywhere, and other summer theatres are concentrated in the resort areas of the East Coast and the North Central states. There are summer theatres in 48 states.

Summer musical theatre. Thirty theatres with more than 1,000 seats were found which devote themselves to musical theatre. Estimated attendance for summer musical theatre in 1977 was 6.6 million. The largest theatre is the St. Louis Municipal Opera which sells out its 11,475 seat outdoor proscenium theatre once or twice a year. About a half dozen of these theatres, notably the huge municipal theatres of the Midwest, are nonprofit operations backed by private citizens who act as guarantors. Business is good, and the guarantors are seldom called upon to contribute financial support.

There are two privately owned and operated chains—the John Kenley Players in Ohio and Music Fair Enterprises in the Middle Atlantic region. Most of the rest are privately run summer musical theatres. A new nonprofit, 3,000-seat facility opened for the 1977-78 season in Tulsa, Oklahoma.

The season is typically 10 to 12 weeks. (Although they are not exclusively summer operations, the four Music Fair hardtops which run 40 weeks each year are included in the data.) Virtually all have full Actors' Equity Association employment. Ticket prices are surprisingly low, ranging from $2 to $13. Most of the houses keep under a $10 maximum, and John Kenley Players charges only $4.95 per person.

Most theatres do some production, at least occasionally, and they all construct their own scenery locally. Prices range from $1 million for a proscenium production equal to Broadway to $500,000 in an arena stage. Operating costs are about $20,000 to $30,000 a week, and there is almost always a star heading the cast. A good deal of sharing of productions goes on among these theatres, although sets are not exchanged and only the company travels. Music Fair Enterprises estimates that its productions can run from two weeks (for the occasional failure) to two years, and they have occasionally brought popular attractions to Broadway.

There are several points to note about summer musical theatres. They serve a large audience in a short season. They are likely to be profitable, no doubt because of the huge facilities in which performances are given. While the operation would languish without a constant supply of new material from Broadway, productions are always mounted outside of New York City. The musical "tent" theatres cast their shows in New York, Chicago, California, or locally. They build their own sets, market their own products, and attract visitors, thus passing on many economic benefits to their communities. Also, the municipal musical theatre houses are old, established community services. Table 6 (on following page) gives details, based on Actors' Equity Association information and interviews, of the size and distribution of musical theatres, which are located mainly in summer resort areas of the Northeast and the Midwest. The data here are not an estimate but are based almost totally on actual attendance figures.

Outdoor amphitheatres. There are approximately 53 large amphitheatres in which great pageants on religious or historical themes are performed during the summer. The Institute of Outdoor Drama gives detailed information on 40 such theatres. In 1976-77 these theatres presented an average of 51 performances each, and the audience numbered a total of 1,714,963.

Regional Theatres with Budgets Over $250,000

Much of the nonprofit regional resident theatre activity in this country takes place in 65 full-season theatres. All except one work under Actors' Equity Association LORT (League of Resident Theatres) contracts. They range from companies in which all actors are members of Equity to companies that mix Equity with non-Equity actors.

The size and the nature of these operations vary; the average theatre has about 560 seats. While some of the 65 theatres are extremely active in developing new talent and the work of new playwrights, others present the classics and re-stage established Broadway plays.

Performances of subscription series productions and of total productions have both moved upward over the 12-year period, with subscription series performances increasing at a rate of 0.75 percent per year and total performances at the rate of 2.45 percent per year.

This combination of the number of productions together with a gradual increase in the number of performances means that individual productions are being performed a greater number of times. During the 1965-66 season, the average number of performances of a production was 20; the peak was during the 1974-75 season with an average of 30. The pattern is an extremely interesting one. It shows one way in which the nonprofit theatre has combated the "cost disease." Since with every production there are certain fixed costs, for costumes, scenery, and the director's and designer's fees, these can be spread over

Table 6 **Regional distribution of summer musical theatres 1977**

Region	Season in weeks	Total capacity (seats)
Middle Atlantic	10-40	22,748
Northeast	9	15,581
West North Central	10	19,333
South Atlantic	4-40	12,172
East North Central	11	20,160
West South Central	11	5,216
Mountain	---	---
East South Central	---	---
Pacific	13	3,000
Total	---	98,210

Table 7 **Regional theatres with 1977 budgets over $250,000**

Region	Produc-tions	Total capacity (seats)
Middle Atlantic	71	6,603
Northeast	81	8,978
West North Central	23	2,449
South Atlantic	52	4,187
East North Central	60	6,937
West South Central	19	1,565
Mountain	6	518
East South Central	15	1,406
Pacific	69	5,731
Total	396	38,374

a larger base by increasing the number of times each production is performed. However, there may also be some sacrifice of artistic objectives if fewer works are tested in actual production. There may also be a greater tendency to play to more popular tastes; a long run is economical only if there is an adequate audience.

The financing of regional resident theatres is through box office receipts, other earnings, and municipal, state, and federal subsidies along with contributions from private foundations, businesses, and individuals. These theatres have been developing new audiences, and they attempt to be a community resource, bringing productions and services into schools, prisons, hospitals, and small, outlying communities. Their facilities are often used by other local and amateur groups and community organizations.

Table 7 summarizes certain activities of these theatres, based on information from Theatre Communications Group, National Endowment for the Arts, and Actors' Equity Association. Although concentrated on the two coasts, they are located in 29 states. Their combined annual attendance is 6 million in house. In addition, they often tour throughout their regions, playing to an additional audience of approximately 1.5 million. No estimate has yet been made of the number of institutional visits they routinely provide.

Off-Broadway

Technically, Off-Broadway covers 25 or 30 houses with seating capacities under 300 in Manhattan outside the Broadway theatre district. These theatres, available for indeterminate runs, operate under Actors' Equity Off-Broadway contracts. As with Broadway, Off-Broadway is defined in terms of real estate. Off-Broadway is no longer a significant arena. In 1975-76, the last year for which there are figures, 46 productions were staged in 24 different houses, but exactly half were from nonprofit resident theatres with main stages elsewhere in the city. Another 10 were staged by commercial producers. In comparison with Broadway, costs and salaries for Off-Broadway are lower, the risk is smaller, and the potential financial return is smaller. Off-Broadway does, however, bestow some of the glamour of a Broadway run. There has been much discussion of the reasons for the rise and precipitous decline of Off-Broadway. The movement probably began, according to Stuart W. Little, author of Off-Broadway, The Prophetic Theatre (New York: Coward-McCann & Geoghegan, 1972) in 1952 when The New York Times reviewed Circle in the Square's production of Summer and Smoke at a small Off-Broadway theatre in Sheridan Square, and focused public attention on the exciting work being done away from Broadway.

Stuart Little wrote, "Off-Broadway is defined by the variety of its uses. It is a showcase for new actors and directors, a place where new talent can be discovered. It is a place to revive Broadway failures and restore the reputations of playwrights who may have been ill-served in the regular commercial theatre. It provides the means of encouraging the growth of theatres that exist in time and so engage the loyalties of talented professions (so) that they can develop continuity of production and a consistent artistic policy."

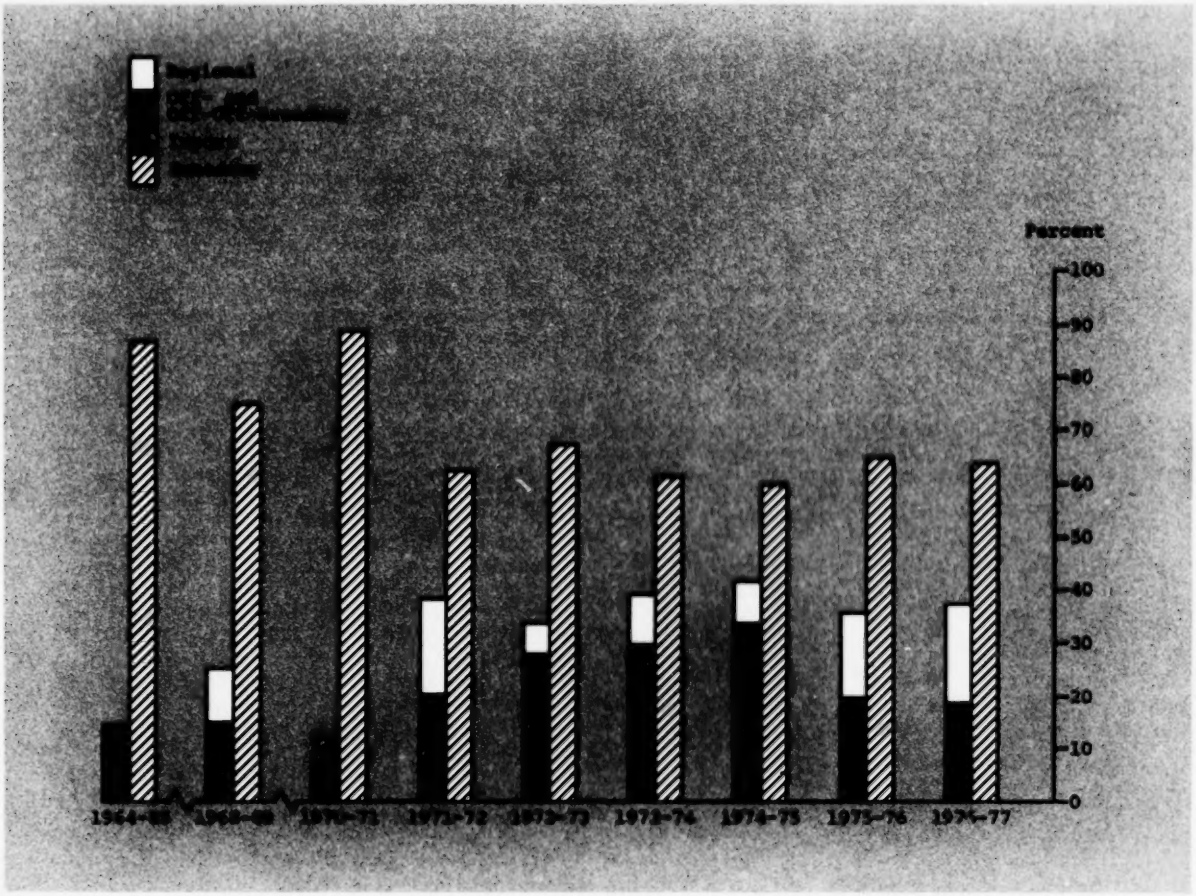
By 1964, production costs had risen from $1,500 to $15,000 and weekly operating costs had tripled, going from $1,000 to $3,200. The widely criticized Actors' Equity Association contract raised the Off-Broadway minimum from $50 to $60 per week and many tiny theatres could no longer support the general burden of escalated costs. In 1964, Off-Broadway activity started to decline. The Off-Broadway contract has now become a catch-all for theatres larger than showcase but smaller than Broadway.

What about the functions outlined by Stuart Little? They have found a new home in Off-Off Broadway where the same economic battle is being waged.

Regional Theatres with Budgets Under $250,000

This category of small-budget theatres is the taproot of professional American theatre, providing life, energy, and sustenance to the entire complex. It is the arena where aspiring professionals are trained and seasoned, a laboratory situation for experimental and innovative theatre work, a place where minority cultures, women, and special interest groups can dramatize their aspirations and develop their cultures, a low-cost theatre which the young, the old, and the poor can afford to attend. Those who work in the professionally oriented small theatre, many of whom make their livings elsewhere, are dedicated primarily to the pursuit of artistic goals. Such theatre differs from community and school theatre in that participation is seldom an avocation, but a

Figure IV **Sources of plays produced on Broadway between 1964 and 1977**



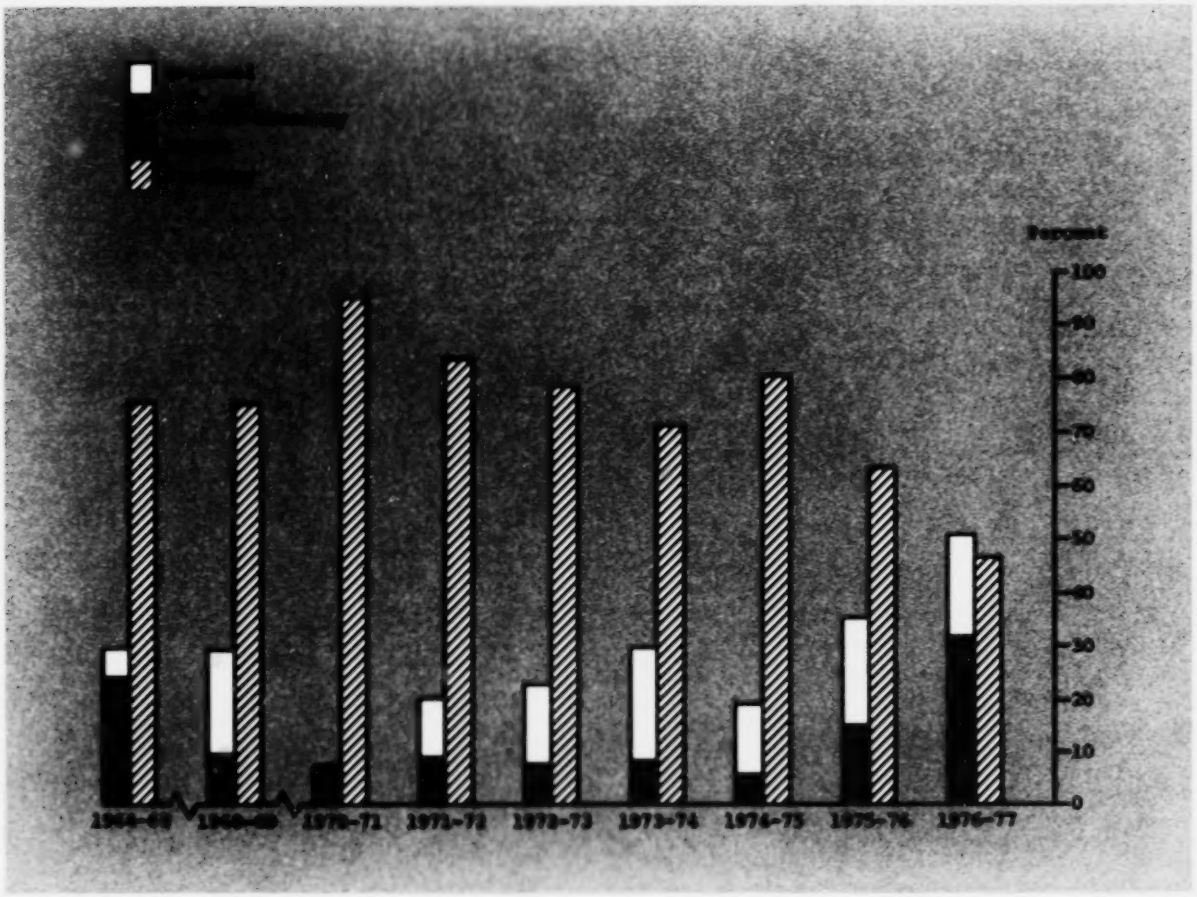
major commitment in the lives of those who pursue it. Neither does it have the transitory quality of summer stock, as it struggles to be permanent.

The best work of these theatres is discussed in scholarly journals and represents the United States at international festivals. Audiences are typically small and often intensely committed. New plays and experiments in direction, lighting, and staging can be tested with little financial risk. Other professionals draw upon the work of small theatres and may adapt and popularize the innovations.

These theatres are virtually all nonprofit operations, and most have at least applied for some sort of state or federal assistance. Such theatres were identified using the records of Theatre Communications Group, Alternative Theatre, Grassroots Alternate Roots Directory, the records of the National Endowment for the Arts, New York State Council on the Arts, Ford Foundation, and data from participants in the New York Theatre Development Fund (TDF) voucher program and its spin-offs in Buffalo, Boston, and Chicago. The small New York theatres accepted for inclusion in the TDF voucher program, which requires "professional aspiration," virtually define Off-Off-Broadway.

The other two important concentrations of about 50 theatres each are in California (with centers of activity in Los Angeles and the San Francisco Bay Area) and Chicago;

Figure V **Sources of musicals produced on Broadway between 1964 and 1977**



all of these areas are of increasing importance as casting and production centers.

At least 620 small theatres are located in 50 states and Puerto Rico.

Off-Off-Broadway. The heart of the small theatre movement is still in New York City with about 200 theatres which form the internationally known Off-Off-Broadway theatre.

Reliable performance and attendance figures were gathered for about a quarter of the Off-Off-Broadway, black and Hispanic theatres then eligible for inclusion in the TDF voucher program in an unpublished 1974 report by Mathematica, Inc., The Off-Off-Broadway Theatre and Its Funding. A theatre of median size had 100 seats, 6 productions per year, 95 performances, and a yearly attendance of 8,230.

Only a few of these theatres have operated over a long period of time. In 1974 when there were only 81 theatres in the TDF program, there was an enormous mortality rate as some theatres were caught in squeezes between inflation on the one hand and limitations on box office prices required by Actors' Equity Association on the other. New theatres have sprung up since and TDF listed 208 small theatres eligible for voucher payments in 1977.

Based on the assumption that each theatre still plays to the 1974 median audience

of about 8,000 per year, an estimate of the 1977-78 attendance in New York for Off-Off-Broadway, black, and Hispanic theatre was 1.7 million. It will be seen from Figure IV and Figure V that this sector of the New York theatre is a significant contributor of material to the commercial stage. It is also the largest showcase for new plays in the country. Between 1964 and 1977, the percentage of shows playing on Broadway first produced elsewhere ranged between 15 and 60 percent.

Los Angeles. Professor Jon Cauble of the University of California at Los Angeles, in his unpublished report, Equity Waiver Theatres (Los Angeles: University of California, 1976), reported on theatres with seating capacity of less than 99 for which Actors' Equity Association requirements were waived in 1972, making it possible for these theatres to employ professional actors. Since then, the number of these theatres has doubled to 54. The number of productions has more than tripled, as has the number of plays produced by each unit. The average length of a season is 22.3 weeks, or 75 nights a year. These theatres operated at 59 percent of capacity in 1977 with an average audience of 47 per night and a total audience of 190,000.

Black and Chicano

During the 1960s and 1970s, a variety of forces influenced black theatre. These included the rise of black consciousness, financial support from foundations, industry, and the New York State Council on the Arts, and the emergence of several gifted black playwrights. Dozens of training programs, workshops, professional companies, and community and street theatres came into existence. These were run by blacks, dealt with black themes, and appealed mainly to black audiences. This movement, represented by the Black Theatre Alliance (BTA), is distinct from the contributions of a large number of black producers, performers, musicians, and technicians who work in the mainstream of American theatre.

Chicano theatre, which is more rural in character than black theatre, operates mainly in California, Arizona, and New Mexico. It is allied with black theatre through the Black Theatre Alliance.

In the late 1960s the black theatre movement carried on a vigorous and novel audience development program, organizing theatre clubs in the tri-state area around New York as well as in the city itself. These "outing" clubs offered a night of dinner, theatre, a birthday bonus for each member, and price incentives utilizing the TDF voucher program.

The 1977 BTA directory listed 106 companies in 25 states and the District of Columbia, including The Negro Ensemble Company, a full-scale regional theatre. Dr. John M. Goering and Terry Williams' 1977 unpublished study, Black Theatre and Dance in New York: A Study of the Black Theatre Alliance, reports that 25 representative companies gave their average age as 9.56 years. The average capacity of the 25 theatres was 355 seats, and the average theatre produced 9.65 plays a year.

An important contribution of the black theatre movement to American theatre has been the development of a black audience which also attends other theatrical productions. Much amateur performance activity using Broadway plays with black themes also takes place in predominantly black schools.

Other Small Theatres

There are many small theatres with varying degrees of professional orientation about which little data are available. For example, the amount of theatre for children in the country is immense, with regional theatres, summer stock companies, and a variety of small theatres producing children's plays. It has not been possible to estimate this activity and these audiences have not been counted in the tables. There is a small association of major producers of children's theatre. It seems likely that children's theatre plays an important part in the development of a future audience.

Women's theatre—that is, theatre dealing with the themes of the women's liberation movement—is fragmented and has a high attrition rate, although it persists throughout the country with, perhaps, as many as 100 such groups. Its special problem is the one that besets women's organizations generally—the reluctance of funding agencies to support them even at the level of other special interest groups. They are often collectives, produce a small number of plays, commonly develop their own material, and have a lifespan of three to four years. At the present time there are about 15 women's the-

atres in New York City, including the Woman Rite Theatre in its sixth year, New York Feminist Theatre Troupe, Women's Theatre Company, and Spiderwoman.

Regarding ethnic theatres, a list of 75 drama organizations has been compiled for New York City which includes 16 ethnic groups. "If we admit solo artists performing dance-dramas, the total rises to 90, and with dance and music groups included, the grand total is approximately 150. And there may be more!" remarked Sy Syna in "Ethnic Theatre Flowers in New York," Wisdom's Child, February 23, 1976.

There are various ways of performing in a foreign language. Some groups perform in the original language in a traditional way, while others mix languages and style. For example, the Theatre of Russian American Youth performs Russian translations of Charley's Aunt. Many Hispanic theatres play in Spanish and English on alternate nights. Some groups mix languages in the same production, an approach that perhaps reached a high point when The Chinese Group at La Mama presented A Midsummer Night's Dream with the actors speaking either Chinese or English depending on their fluency. The Chinese Opera Club, which performs in Mandarin, has been successful with subtitles flashed on a screen. Other ethnic groups, such as the Irish Rebel Theatre and the Jewish Repertory Company, work only in English.

At last report there were approximately nine native American theatre groups concerned with Indian problems and culture. They operate mostly in the Southwest (Arizona, California, New Mexico, and Oklahoma), but there is also activity in New York, Illinois, and Seattle.

Finally, there are street theatre groups. Part of the turbulence of the theatre in the 1960s spilled out into the streets and parks, and impromptu and scheduled performances and street festivals brought dramatized social messages to the communities. Practitioners ranged from the internationally known Bread and Puppet Theatre, which fashioned grand papier-mache masks and baked bread to share with its audience in the streets of Coney Island, to community-designed and performed presentations. The movement has come to be represented by the Alliance for American Street Theatre.

Funding has fallen off in the 1970s, but the Alliance for American Street Theatre still counts a membership of over 200 organizations (many of which operate conventional theatres) and interested individuals as well.

Relationships Between Commercial and Nonprofit Theatre

The preceding discussion and analysis, based as it is on specific types of theatre, may unintentionally emphasize differences between commercial and nonprofit theatre. This approach might leave the impression that each type of theatre operates in isolation from the others. Nothing could be further from the truth. There is a great deal of sharing of facilities, works, and personnel in theatre today.

First, material is exchanged. As estimated by the League of New York Theatres and Producers, 75 to 80 percent of the plays and musicals used by all other theatres in the country have had a Broadway run at some point. Between 1964-65 and 1977, the percentage of plays and musicals on Broadway which were first produced elsewhere has ranged between 15 and 60 percent. On the other hand, many plays done by the nonprofit theatre began on Broadway. During the 1976 season, 45 percent of the plays at a sample of LORT theatres were first produced on Broadway.

These statistics focus on segments of the theatre where there is a relatively large sharing. There would be much less commonality between experimental theatres and Broadway, for example. Nonetheless, it is probably fair to say that sharing is a general procedure, and that scripts and personnel routinely cross the boundary between the commercial and the nonprofit theatre. Tax-exempt, nonprofit productions sometimes (this is the exception) move to a Broadway stage and use the profits to subsidize their ongoing activities. Commercial road companies of Broadway successes routinely play to millions of people in theatres operated by local governments and nonprofit institutions. It is not uncommon for both commercial and nonprofit theatres to put money into the production of another nonprofit theatre in return for an option to use the property, thus sharing the risk. The same producer may stage commercial and nonprofit ventures virtually back-to-back, scrupulously maintaining relevant financial structures for each. Showcase productions are staged on a nonprofit basis sometimes with the intent of attracting financial backers for commercial productions. It is not uncommon for a play which originated with a nonprofit company to tour on a commercial basis, appear in a nonprofit showcase, such as the Kennedy Center or elsewhere, and come to Broadway as a profit-seeking undertaking. Often, playwrights, directors, designers, and actors develop their talents in the workshops of the nonprofit

sector, and then divide their activities between the commercial and the nonprofit theatre.

These facts indicate the degree of interdependence in American theatre. Reactions to this interdependence differ. For one, there is some fear of competition on both sides. Commercial producers complain that nonprofit shows are funded with the tax dollars which their operations pay. On the other hand, nonprofit producers often feel that they alone bear the burden of risk, and that the public is lured away by the bait of "popular" entertaiment.

William Gardner, of the nonprofit Academy Festival Theatre in Lake Forest, Illinois, believes that a proliferation of theatrical activity serves the common good. He points out that when The Act was selling out the Shubert Theatre in Chicago with a top ticket price of $22, he was doing a very respectable 85 percent of capacity with a new play by John Guare only a few miles away.

Bernard Jacobs, president of the Shubert Organization, described his perception of the interdependence between commercial and nonprofit theatre to the First American Congress of Theatre as reported by Stuart Little in After the FACT, A Report on the First American Congress of Theatre, (New York: Arno Press, 1975): "There is a misconception among all of you in terms of creating the impression that there is a we-they. As I see it, there is no future for the profit theatre as we know it. If there is going to be a theatre that survives in this country, it has to be a theatre which is going to produce all the things that all of us want to produce. All the diverse points of view that we have should be represented. It is very important that all of us remain together. Every time one of you gets excited and threatens to walk out as you did yesterday and again today, you do all of us a great disservice, because there is a common approach to theatre that we all have. Those of us who are on our side of the table, if you want to call it that, really are on your side of the table. We are interested in doing everything that we can to help your kind of theatre, because theatre will not otherwise survive in this country. The real issue is do you want theatre to survive, do you want live performances to survive, or do you want the whole thing to die. It isn't a matter of the commercial theatre dying. Each time any part of the theatre, commercial or otherwise, dies, a part of each dies with it."

Not all segments of the theatre community are enthusiastic about the apparently growing interdependence. In particular, many in the nonprofit community fear that commercialization of work will, by accident or design, become the primary motive of nonprofit theatre activity rather than a serendipitous by-product of its artistic goals. If that happens, it is pointed out, there will be a loss to both artistry and to commerce. In any case, interdependence is a fact and the relationship between the two kinds of theatre is now in a state of flux.

New Plays

Another indication of theatre activity in the country is the number of new plays which are produced. Here there seems to have been a veritable explosion of energy. Donald Fowle of the New York Public Library has kept records of new plays produced over the past 10 years (including productions by college and amateur theatre). His figures indicate that the number has more than doubled since 1969. While such activity is increasing throughout the country, New York City continues to be the main location where new material is presented and represents more than half the total. The theatres reporting to Fowle produced an average of 2.75 new plays in 1977.

Other similar evidence comes from the National Endowment for the Arts, which reports that during the 1976-77 season the large nonprofit theatres applying to the Arts Endowment's Theatre Program had done an average of two new plays each and small nonprofit theatres nearly three plays each.

Catalysts for this growth have been such organizations as the Office for Advanced Drama Research of the University of Minnesota, Rockefeller Foundation, Eugene O'Neill Theatre Center, and Ford Foundation. Also, developmental nonprofit theatres have proliferated and a number of them are dedicated exclusively to the work of new playwrights through staged readings, workshops, and showcase productions. Increasingly, novice playwrights are able to have their plays read, criticized, and performed by professionals.

THEATRE AUDIENCES

The data examined in the following sections demonstrate that approximately 20 million Americans over the age of 16 attended at

least one professional theatre performance during the 1976-77 season. Many people attended more than once. It is estimated that there were close to 60 million tickets sold in this season. Well over half of all theatre attendance consists of audiences for regional, stock, and dinner theatres. Other data presented in the following sections address such questions as how people learn about a production, buy their tickets, travel, reasons for not attending, beliefs about the degree to which theatre should be supported, and the relationship between ticket price and demand.

Social Characteristics

Gender composition. Theatre audiences are comprised almost equally of men and women. However, there are interesting variations among different types of theatre. Broadway audiences tend to attract slightly greater numbers of men than women, a ratio which has remained constant over the past 15 years. But women outnumber men in regional theatres and in a national survey of attendance at both professional and amateur theatre. No research has been conducted to determine why these different patterns exist. Evidence on the impact that greater numbers of women in the professions may be having on theatre attendance is considered below.

Age. Studies of almost all types of theatre indicate that in comparison to the general population, the young tend to be represented in theatre audiences more often while the old tend to be less so. For instance, 44 percent of the United States population is between the ages of 16 and 35, but more than 50 percent of most theatre audiences fall within this category.

In contrast, about one third of the adult population in the United States is over age 50, yet only about a quarter of most theatre audiences is comprised of this group. The median age of theatre audiences is typically from three to five years younger than that of the general population. The exception to this pattern was shown in a Washington State study where theatre audiences tended to be somewhat older than in other parts of the country.

It should also be noted that theatre audiences seem to have become younger in the past 10 to 15 years. For instance, the median age of Broadway audiences has declined from 40 in 1961 to 34 years old in 1976. The median age of Off-Broadway audiences declined from 39 years old in 1964 to 32 in 1969. And the median age of audiences at the Guthrie Theatre in Minneapolis declined from 36 in 1963 to 31 in 1973 (partly a result of greater numbers of matinees among the performances presented).

Education. Theatre audiences consist largely of the better educated. Almost two-thirds of the regular theatregoers in the United States, for example, have graduated from college while only 12 percent of the general adult population of the United States has done so. At the other extreme, just 2 percent of regular theatregoers only have grade school educations, whereas this group makes up 38 percent of the adult population. This pattern seems to hold for all the different kinds of theatre on which there is information.

Comparisons between the Guthrie Theatre and Broadway show no strong trend away from this pattern. (There is some evidence of slightly increased proportions of the grade school educated and slightly decreased proportions of the high school educated.) The absence of trends in the educational composition of theatre audiences is puzzling in view of the fact that there have been rising levels of education in the population. This discrepancy, however, may be a product of the younger age of current theatre audiences (more persons who have not yet finished their education), or it may be due to differences in the age groups that were included or excluded in the various studies.

Income. As might be expected from the evidence on educational levels, the incomes of theatre audiences are also high. The higher the income level, the greater is the proportion of persons who attend the theatre. For instance, 22 percent of a national sample who had family incomes of $15,000 and over in 1972 attended the theatre frequently. In comparison, only 11 percent of those with incomes between $10,000 and $15,000 attended frequently, and only 6 percent of those with incomes below $10,000 attended frequently.

Higher incomes and higher education levels —which of these factors influences theatre attendance the most? Research has not provided a conclusive answer to this question, but an important clue is available from a study of theatre attendance in 12 metropolitan areas. When the effects of these two factors on theatre attendance were examined, it was found that education had approximately twice the effect of income. Within each level of education, differences in income produced differences in theatre attendance of approximately 10 percentage points. But within each level of income, differences in education produced differences in theatre attendance

of approximately 20 to 25 percentage points. Overall, it appears that education and income are important social factors influencing theatre attendance. The relative importance of the two is not clear.

Occupation. Among theatregoers in the labor force, professional, executive, and managerial occupations outnumber other occupations at a ratio of more than two to one. These patterns are generally reflected in all the major theatre types. For example, Broadway audiences in 1976 consisted almost two-thirds of people in such occupations while only one-quarter of these audiences were from other occupations; and among those in regional theatre, audiences are typically at least two-thirds in professional, executive, and managerial occupations. This is true despite the fact that only about a fourth of the overall labor force in the United States is in these occupations.

The largest categories of theatregoers not defined as part of the labor force are homemakers and students. At regional theatres, between 10 and 20 percent of the audiences are homemakers. By comparison, the latest study of Broadway audiences shows that only 2 percent are homemakers, a significantly smaller proportion than in 1964. It is not clear, however, whether this reflects real changes in attendance patterns or whether it is a product of differences in the study's methods. Students also comprise between 10 and 20 percent of regional theatre audiences, but make up a somewhat smaller proportion of the Broadway audience. Retired persons appear to comprise only between 5 and 10 percent of theatre audiences, a proportion consistent with earlier findings about the underrepresentation of older people among theatregoers.

Geography. Theatre attendance in the United States varies considerably from one region to the next. Low percentages in the Southwest and in the South may have implications for the future of theatre in light of recent population shifts from these areas.

There is also a variation in attendance by place of residence. The residents of small towns are only about half as likely to attend the theatre as are the residents of cities and suburbs, and residents of rural areas are only one fourth as likely to attend theatre as suburban residents.

Finally, apart from other geographical differences, theatre attendance also seems to vary significantly from one metropolitan area to another. The interesting fact is that for professional theatre these attendance differences are almost entirely due to those who have gone more than once.

Such differences do not seem to correspond to other differences among these cities, such as size, population density, income levels, education levels, or even the number of actors in the city. It appears that part of the variation in theatre attendance from one city to the next is a function of the degree to which theatres have pursued vigorous marketing policies and the degree to which these activities have been reinforced by other kinds of cultural opportunities available locally.

Frequent and Infrequent Attendance

In general, the same social and demographic characteristics that predict someone will attend the theatre also predict that someone will attend frequently. For example, the young and the better educated are not only more likely to attend, but to attend frequently.

Considering only theatre attenders, there are interesting differences that distinguish frequent from infrequent attenders. In Broadway audiences, men are in the majority, but this is more often the case with infrequent than with frequent attenders. Also, while the median age of Broadway attenders is relatively young and getting younger, frequent attenders tend to be somewhat older than infrequent attenders, probably because they are better off financially; and the proportion of students also drops off among frequent attenders, probably for the same reason.

Perhaps the most important finding has to do with professional occupations. Among men, the proportion of professionals is nearly the same for both frequent and infrequent attenders; but among women it is much larger among frequent attenders. What this suggests is that the increasing numbers of women in professional occupations may be having a significant impact upon the frequency with which women attend the theatre.

For regional theatres, the differences between frequent and infrequent attenders are similar to those for Broadway in some, but not all, categories. Again, frequent attenders are more likely to be older and less likely to be students and, among women, they are more likely to be in the professions. However, the ratio of men to women is nearly the same among both frequent and infrequent attenders.

Table 8 **Sources of theatre information**

	Friends or relatives	Newspaper ads	Mail order notices	Newspaper stories	Critics' reviews	Radio or TV
Broadway 1964	28%	23%	2%	29%	---	7%
Off-Broadway 1964	24%	30%	9%	23%	---	3%
New York City 1973	42%	38%	17%	21%	19%	4%
New York State 1973	48%	32%	24%	18%	10%	8%
Washington State 1975	33%	28%	30%	17%	10%	13%

Information, Tickets, and Travel

As seen in Table 8, people generally rely on friends and relatives, newspaper advertisements, and mail order notices for information on what theatre is available and when. The exceptions are newspaper stories, which play a larger role for Broadway and Off-Broadway, and mail order notices, which may be more important for regional theatre. Less educated and less affluent persons tend to rely on information from friends, while more educated and more affluent persons rely to a great extent on newspapers and mail order notices. These differences correspond with the findings of more general research on differences in communication and reading habits between social classes. Not surprisingly, mail order notices are much more important as sources of information for subscribers than for nonsubscribers.

The sale and marketing of tickets is related to audience habits. For instance, subscription sales have been an effective way to attract audiences to theatres outside of New York City. Theatre Communications Group (TCG) reports that regional theatres with subscription audiences sell 61 percent of their total seating capacity in that way. As a percentage of box office, subscription sales are highest in areas which do not have a wide variety of attractions and lowest where theatres are abundant. While it is not possible to know what audience habits would be if these seats were only available separately, it seems reasonable to assume that people would be less faithful in attending.
It is worth noting that audiences have been sought out through a number of innovations in ticket marketing in recent years. There has been, for example, an increasing use of credit cards, telephone orders, and Ticketron for sales. Especially interesting are programs started by the Theatre Development Fund (TDF) in New York City in which marketing schemes are linked to theatre support. In one, TDF purchases tickets to productions of high artistic merit early in the run and makes them available, at a discount, to persons who otherwise might not attend (and the production is, in effect, partly underwritten during the initial portion of its run). In another, the Times Square Ticket Center (TKTS) markets unsold tickets at discount prices on the day of the performance. A study of its effect in 1974 showed that at least 75 percent of the $2 million paid out to participating theatres in the first season of operation (1972-73) was money that would not have been earned at the box office. The additional audience thus attracted turns out to be different from the traditional Broadway one: they were younger (median age 30 as compared to 39.9), predominantly middle-income white collar, and often attended theatre on impulse. TKTS now accounts for approximately 5 to 6 percent of the Broadway gross receipts, and money earned from a small surcharge helps subsidize other TDF programs.

In the same year that TKTS began, TDF also started its successful Off-Off-Broadway voucher program. With TDF help, this program has been imitated in Buffalo, Minneapolis-St. Paul, Boston, and Chicago. The system is simple. In New York, persons eligible for the TDF mailing list purchase vouchers for $1.50 each in sets of five. A single voucher is worth $2.50 toward admission to the theatre accepting it, which then returns the voucher to TDF and receives $2.50.

The voucher program offers several advantages which have important implications in understanding the future need for continuous support of theatre activity. First of all, it is economical. After the initial expenditure for computerizing the program, it can handle an extremely large number of transactions at very little added expense. Secondly, there is easy control over who is subsidized. Both voucher purchases and performing groups can be determined in advance. For example, in New York City the program is meant to assist the economically fragile Off-Off-Broadway theatre movement.

Another aspect is continuous quality control. The level of subsidy depends completely on the number of voucher users each theatre can attract, relieving the funding agency of the burden of making a long series of evaluations. Finally, it helps to cut fundraising costs. There is less need for theatres to engage in competitive grant applications. The size of the voucher subsidy depends on artistic appeal to the chosen audience.

There are criticisms that can be made of the voucher programs. Most of the subsidy money has gone to the larger, better-known organizations with established audiences rather than to the tiny but artistically important experimental theatres as originally hoped.

An evaluation of a Buffalo, New York program points out that 20 percent of the people use vouchers to "try out different kinds of events than they would normally attend," which indicates some kind of broadening of the audience base. However, 30 percent use them "to save money on tickets to performances which they would otherwise attend," indicating that the program is only partially fulfilling its ambitious goal to "attract a new audience of those who do not ordinarily attend performing arts events for economic or other reasons."

In addition to information and tickets, there is a variety of data available with regard to audience travel habits to and from the theatre; where people live, how they get to the theatre, and how long it takes them to get there. Indications are that most people are not willing to travel long distances to attend.

The effects of distance on attendance are especially apparent when theatre audiences are divided into casual and frequent attenders. The percentage of people in New York State who attend the theatre once a year is almost the same among people who live close to the theatre and among people who live farther away from the theatre up to approximately 20 miles (after which the proportion drops off). But the percentage of those who attend more than once a year declines with each succeeding increase in distance from the theatre and differences of one or three miles away are important.

The other piece of evidence that a number of studies have obtained regarding travel to the theatre concerns the method of transportation used, which varies greatly depending on location. For example, 92 percent of audiences travel to the theatre by automobile in Washington State compared with only 48 percent who travel to Broadway by automobile. In New York City, the availability of public transportation is crucial to the theatre. Among Broadway audiences, for example, 17 percent said they returned home by subway, 14 percent by bus, 9 percent by taxi, 7 percent by train, and many probably used a combination of these means of transportation.

Attitudes Toward the Theatre

Attitudes do not necessarily reflect the ways in which people actually behave. People may tell a pollster that they would be willing to pay $5 more a year in taxes to support the theatre, but that does not mean that they would actually vote for such a tax measure. Yet, attitudinal information is revealing. If everyone polled would be willing to pay $5 instead of $25 to support the theatre, this information would help predict support for alternative tax policies. In general, attitudinal information is particularly useful whenever comparisons can be made, as in the foregoing example, or among different parts of the population or regarding different issues.

Commitment to the theatre. Do people attend the theatre because they deeply respect, value, and enjoy it? Or do they attend simply from habit or because it is "the thing to do"? The answers to such questions are important in forecasting how consistent theatre demand may be in the future.

There are several sorts of information about which a picture of the theatre audi-

ences' commitment to the theatre can be pieced. Perhaps the clearest comes from questions which ask audiences how satisfied they are with the performances they have just seen. These questions typically show high levels of satisfaction. During its opening season in 1963, audiences of the Guthrie Theatre in Minneapolis were asked, "How well does the way you are enjoying today's performance compare with what you expected?" Only 6 percent said "not as well." Ten years later this proportion had risen slightly—to 9 percent—but still indicated that the overwhelming majority were pleased with what they were experiencing. Indeed, in both years, approximately half of those surveyed said the performance was better than they had expected.

In New York State, a similar question was put to theatre audiences statewide: "Do you agree or disagree that most performances like this one seldom live up to one's expectations?" Only 13 percent said they agreed. The same study also found that only 14 percent agreed with the statement, "There is very little new in theatre; most modern plays are just rehashes of what's been done better before."

Another way in which commitment to the theatre has been assessed is by asking questions about the value of the theatre. Responses to these questions also indicate a high level of commitment. Among "frequent attenders" in a recent representative sample of the nation, and a similar sample of New York residents, approximately 5 out of 6 responded positively to questions about the value of the theatre (e.g., how important is it for young people to see live acting, and is live performance more meaningful than TV or movies?). What these data also reveal is that even in the general public there seems to be a high level of commitment to the value of the theatre. Between two-thirds and three-fourths responded positively to these questions.

Perhaps a somewhat more discriminating picture of audience commitment to the theatre is that obtained from looking at the reasons people give for attending theatre. The responses to a variety of reasons given by audiences in the states of Washington, New York, and California suggest that intrinsic reasons far outweigh extrinsic reasons. For example, 70 percent of respondents in New York listed the "work(s) being performed" as an important factor in deciding to go to a play in comparison with only 14 percent who said they "just wanted to go out to some performance."

Reasons for not attending. Although those who attend the theatre seem to be highly committed to it, the vast majority of the public seldom, if ever, attends. What are the reasons that people give for not attending the theatre, the obstacles they perceive as standing in their way? The following discussion pays special attention to those reasons voiced frequently by people already found to be underrepresented in theatre audiences—the less educated, the poor, older people, and people living in small towns and rural areas.

Five general reasons for not attending the theatre have frequently been suggested in previous studies of the theatre—lack of interest, economic barriers, inaccessibility, the problem of going out at night, and competition from movies and television.

Lack of interest, the most frequently cited reason for not going to the theatre, is particularly important among the less educated. To a somewhat lesser extent, lack of interest also seems to be one of the reasons why older people attend less frequently than younger groups.

It's important to recognize, however, that older persons' reasons may differ not because of age but because they're generally less educated. There is a pattern evident that college-educated respondents are much more likely to say that they are interested in the theatre than their parents, while grade-school educated people are considerably less likely to say so. Responses suggest that there may be a slight increase in cultural interests among all groups, and this increase is greatest among the more highly educated.

This type of argument suggests that people don't attend the theatre because they have not been socialized to enjoy and appreciate it. The alternative to this argument is that people do not attend the theatre simply because of economic barriers—they cannot afford it. Given the high costs of theatre tickets, it seems plausible that economic considerations do present a barrier for some, especially people from lower income families. As might be expected, people with low incomes are more likely to say that cost keeps them from attending the theatre than people with higher incomes. Two things should be noted however. One is that the differences between responses of lowest and highest income categories are generally not great. The other is that even among the lowest income category usually only a minority lists cost as an obstacle to theatre attendance. While economic barriers should not be totally discounted as a reason for nonattendance, they do not seem to be a major factor inhibiting attendance.

The third explanation for which there is evidence is the possibility that people do not attend the theatre because the theatre is inaccessible. There seems to be considerable evidence to support this explanation. For instance, 40 percent of the public sampled in 1973 said there was no theatre readily accessible to their home, 50 percent said there were not enough places for cultural events in their community, and 41 percent said that theatre performances were almost never available.

People living in small towns and rural areas are much more likely than people living in cities and suburbs to say that theatre is not available. If this is put with other evidence showing that rural people are just as likely as urban people to express interest in the theatre, it is clear that theatre attendance in rural areas might be greater if performances were more readily available.

A fourth explanation for lack of theatre attendance concerns the possibility that people are afraid to go out at night. This possibility has become of increasing concern to the theatre community since many theatres are located in downtown areas where crime rates have risen. It also seems a likely explanation, in addition to lower levels of interest, for the lower rates of attendance among older people.

Finally, there is evidence for the argument that people do not attend the theatre because of competition from movies and television. In particular, it has been suggested that the easy accessibility and somewhat simpler style of movies and television has replaced the theatre and other cultural activities, especially for the less educated and for the young, who have been raised on these media, and whose exposure to other media is limited.

But do movies and television actually compete with plays, or do people like both, but for different reasons? When asked to compare the theatre, television, and movies with specific reference to creative or artistic satisfaction, the less educated are much more likely to prefer television to the theatre. Age groups choose the theatre in about equal proportions, but movies are strong competitors among the young audiences, as television is among the old.

Perhaps the crucial question, though, is whether movies and television actually interfere with theatregoing. The best data on this question come from a study conducted in California. Going to the movies, it turns out, seems to be positively associated with going to the theatre. For example, people who never attend the theatre say they go to an average of 4.4 movies a year while those who attend more than 5 plays a year go to an average of 8.5 movies. Movie attendance, like theatregoing, is also higher among the college-educated than among the grade-school educated. There is, however, no evidence on whether or not theatregoers would attend more frequently if they did not go to movies. With regard to television, there seems to be clear evidence that it serves as a substitute for the theatre. Both direct and indirect comparisons indicate that those who watch television more attend the theatre less.

To summarize, the reasons that people give for not attending the theatre suggest that lack of interest is probably the greatest overall factor, especially for the less educated. The cost of attending cannot be totally ignored, but it is not as important as might have been expected. For people living away from large cities, inaccessibility is probably the most significant obstacle to attendance. Fear of going out at night is a major obstacle for older people. And competition from movies and television, particularly the latter, appears to be an important factor among the less educated under age 20 and over age 50.

Support of the theatre. Recent studies suggest that there is not much public favor for government support of the theatre. Only 14 percent of the culturally active population favor government support for Broadway plays or commercial touring productions. The proportion favoring government support for nonprofit professional theatre is somewhat larger (29 percent), but still represents a minority of the population. By way of comparison, the proportions favoring support from businesses are larger. But even here they do not suggest a significant mandate. On the whole, it appears that the public feels that the theatre should support itself.

Another attitude which bears directly on the public's willingness to support the theatre concerns the availability of theatre for children. Almost everyone agrees that children need to be exposed to cultural events. Racial and ethnic minorities, in particular, feel that more facilities and performances should be available for their children. It also seems significant, in view of the information regarding a lack of interest in the theatre among the less educated, that they are just as likely to want more cultural activities for their children as the more educated.

The effect of price on ticket demand. Most of the available evidence on the ef-

fect of price on ticket demand is based on methods or data that can be seriously faulted. One method of assessing the relation between ticket price and demand has been to examine changes from year to year. If demand decreases after prices increased, a negative relation is assumed to exist between the two. The information on trends in attendance and in ticket price presented earlier in this section suggests that there does not seem to be such a relation. Also, Baumol and Bowen reviewed several similar trends for orchestras and operas and suggested that, although there was some negative relation, the effects of price increases were apparently temporary and could have been caused by other factors. More recently, an unpublished detailed analysis of the relation between price and attendance at Broadway theatres was conducted by Robert T. Deane and I. Ibrahim for the Research Division of the National Endowment for the Arts. This model study for an economic data program on the conditions of arts and cultural institutions found no significant relation between price and attendance, a finding that agrees with the conclusions of Anthony Hilton ("The Economics of the Theatre," Lloyd's Bank Review, July 1971) and Thomas Moore, Economics of the American Theatre (Durham: Duke University Press, 1968). The Dean and Ibrahim study also examined the relationship between price and attendance among theatres in 26 cities studied by the Ford Foundation, finding again no significant relation. The tentative conclusion that emerges from these studies is that attendance does not respond significantly to ticket price.

The problem with these studies, however, is that they do not approximate experimental conditions. There are many other changes in economic conditions from year to year or from city to city (such as inflation and rising incomes) that may influence the results. In the absence of experimental information, several audience surveys have attempted to determine the relation between price and demand by posing hypothetical price increases and asking theatregoers how this would affect their attendance patterns. The results from these surveys present quite a different picture from the studies just cited.

A summary of results from a Washington State study demonstrates the effect of price on ticket demand. Using a theoretical model, the actual amount of income that a theatre would earn based on an average ticket price of $4.50 was calculated assuming a baseline audience of 100. When a $2.00 increase was instituted, theatres would very likely lose money for two reasons: a substantial number of the people to whom this increase was proposed said they would simply no longer attend, and an additional number said they would shift to cheaper seats (despite a $2.00 increase, the average ticket price would increase by only 91 cents, from $4.50 to $5.41). In other words, demand is sufficiently responsive to price that the higher prices would be more than canceled out by fewer persons attending and by shifts to lower-priced seats.

In the case of a $2.00 price increase levied only on high priced tickets, those already costing $8.00 to $10.00, the Washington State survey found that people with high-priced seats were less likely to say they would not attend or would buy cheaper seats if ticket prices were raised. And, in fact, total income is slightly above the break-even line for this policy. In other words, the Washington State survey suggests that if prices are raised they should not be raised across the board but in such a way that the range between the lowest-priced seats and the highest-priced seats is increased.

The results of a Ford Foundation study which also asked what people would do if prices were raised (but did not consider the option of shifting to cheaper seats) concluded that demand was relatively inelastic in relation to price and that theatres could increase revenues by raising prices. The results of the Washington study, however, indicate that most of the expected income increase would be negated by people shifting to cheaper seats.

Since the relation between ticket price and demand has been studied so little and with techniques based on differing and sometimes incompatible assumptions, it is impossible to come to any definitive conclusions from data now available. The results just reviewed do give some pause to the assumption that demand is unaffected by price. It may be that theatres cannot increase revenues simply by raising ticket prices across the board but that an increase in only high-priced tickets could yield additional income. An untested suggestion is often made, however, that a policy of raising only high-priced tickets might have a negative effect on philanthropy. Present data reviewed in this project are based on hypothetical questions posed to theatre audiences, and it is by no means clear that people would actually behave in the way they indicated. Note also that these results do not mean that prices could not be increased in keeping with overall increases in personal incomes and costs of living. Still, with these cautions the burden of the argument is that demand may be more elastic with respect to price than other studies have suggested.

CHAPTER III

THEATRE FINANCES

It is clear from the discussion in the previous chapter that there is a great deal of variety and activity in the American theatre, and the signs are that theatre is on the increase. The question addressed in this chapter is: What does professional theatre cost and how has it been financed? In pursuing answers, data are examined on revenues, costs, profit margins (for the commercial Broadway theatre), and income gaps (for both larger and smaller nonprofit theatres). The general conclusion is that the theatre has done a good job in resisting the "cost-revenue" squeeze described by Baumol and Bowen. On Broadway, investment has remained roughly constant while the average return on investment has been about 13 percent since 1965. In the nonprofit theatres, the relation between earned income and expenditures has been roughly the same since the early 1970s. In both sectors of the theatre, effective measures have been taken to boost revenues and to hold down costs.

A sample of Broadway productions from the 1965-66 season through the 1976-77 season shows wide swings and fluctuations from year to year in investment and receipts, but overall it shows that investment in plays has increased 6.4 percent and in musicals 4.1 percent; total overall investment has been 5.9 percent, the same rate of increase as the wholesale price index for this period. In other words, investment has remained the same when adjusted for inflation.

On Broadway, production costs are increasing for nearly every major budget item. In general, production costs for musicals have gone up more slowly than have costs for plays. This suggests that producers have been particularly careful to take cost-saving measures for the high-investment musical (which, on the average, is 3 times more expensive to produce than a play). One area which reflects these economies is that of cast sizes, which have increased very slowly for plays (1.3 percent per year) and have decreased for musicals (3.4 percent per year). In addition to using fewer performers for musicals, there is evidence that lower-paid performers are being used for both plays and for musicals.

Operating costs (those incurred during the run of a play) have increased much less than production costs. In fact, when adjusted for inflation they actually have declined. Here, too, plays have had a faster increase in costs than musicals.

The picture for receipts is mixed. Box office receipts are up on Broadway since the 1965-66 season, but when these are adjusted for inflation there is a decline over the period. In terms of gross receipts, there was a remarkable recovery in the mid-1970s after a fall from 1968 to 1973. It should be noted that a significant item in receipts is income from subsidiary rights, which is quite important to the finances of a production and covers a large share of the costs for successful musicals and plays.

Broadway shows are profitable. Since 1965, the overall rate of return for musicals is 16.4 percent and for plays 7.6 percent, but this rate does not seem particularly high for such a high-risk business (in no season were there more successes than failures among Broadway shows). There is some inconclusive evidence that the overall rate of 13 percent return on investment is lower than in previous periods.

The general conclusion concerning the finances of the larger nonprofit theatres (theatres with budgets over $250,000) is that they show real growth in their budgets since 1965: earned income, unearned income (contributions), and total expenditures all have rates of increase which are greater than that of the wholesale price index. In the 1976-77 sample of these theatres, earned income accounted for 62 percent of expenditures and unearned income for 35 percent, and there was a 3 percent deficit overall (58 percent of the theatres had balanced budgets or surpluses). Salaries, the largest single expense item, have decreased in their share of the budget since 1965. (A similar decrease was true for Broadway.)

Subscription ticket sales for larger nonprofit theatres are strongly on the increase and, with 39 percent of total earned income, have replaced single and block tickets as the largest source of income. Total ticket revenue has kept up with rising costs, an important achievement in a time of inflation and increasing activities. Contributions to these theatres have gone up at an annual rate of 13.4 percent since 1965. While the private sector (foundations, businesses, and individuals) gives the larger share (65.3 percent in 1976-77), the public sector (federal, state, and municipal government sources of support) is gaining. Public monies and grants have risen since 1965 from 3 to 10 percent of total expenditures. The broad outlines of the financial picture for the smaller developmental nonprofit theatres show that in 1976-77 earned income was 45.8 percent of expenditures and contributions 51.6 percent, and there was an over-

all deficit of 2.6 percent. In the sample, 61 percent had balanced budgets or surpluses. There are wide fluctuations and high rates of increase for both expenditures and revenues in the smaller nonprofit theatres (theatres with budgets under $250,000). These are to be expected from young, growing enterprises in a period of inflation and are not in themselves an indication of financial mismanagement. Most theatres avoided substantial deficits.

Among these smaller theatres it was difficult to find comparable budget-reporting procedures and the samples did not allow for any definite conclusions on particular costs and revenues. Salaries seem to be the largest expense and are rising. However, their share of total costs may have gone down while the share of administrative costs has gone up (this was true for the larger nonprofit theatres as well). Subscription revenues are apparently less than those for single tickets. Performing fees (one payment for a set number of performances) and services (such as workshops and seminars) are a very important source of earned income for a number of these theatres, occasionally amounting to more than ticket sales.

In comparison to the larger nonprofit theatres, the smaller developmental theatres rely more heavily on contributions, particularly from the government. The objectives of these developmental theatres—encouraging new playwrights, experimenting with new theatrical ideas, presenting plays at low prices in order to be accessible to the public—do not lend themselves to large box office receipts.

In considering these data on theatre finances, it might also be useful to keep in mind other factors which contribute in an important way to the stability and growth of theatre. One of these is the New York State Council on the Arts, which plays a significant role in the funding of many nonprofit theatres. Indeed, state arts councils throughout the country have increased both in numbers and in their appropriations for all the arts, from $2.6 million in 23 states in 1966 to a projected $62 million in all 50 states in 1978. Also, United Arts Funds now exist in 34 cities and raised $14.5 million for the arts in 1975. And local governments in certain cities have enacted special taxes earmarked for cultural funding.

Another factor is the Ford Foundations's Cash Reserve Program which includes 11 theatres among the 80 organizations it helps through guidance on cash flow management and liquidating current liabilities. The Theatre Development Fund, through its costume rental collection, helped put expensive costumes within the reach of most theatres' budgets. In 1975-76, 369 nonprofit organizations used this service (the average cost of a costume rental having been $9.84).

All these elements indicate a support for the arts which, directly or indirectly, benefits theatre finances. It is still clear, however, that larger and smaller nonprofit theatres have to live with accelerating rates of inflation in the face of uncertain support from some sectors of private funding. This means that in all likelihood the importance of government contributions will be increasing. For a smooth and uninterrupted development of the nonprofit theatre, the commitment of government will have to be reliable and adjust to general economic conditions.

BROADWAY

According to the New York State Attorney General's Office and information from the Shubert Organization, the finances of commercial Broadway theatre are volatile. This is confirmed, for example, by the wide swings in the ratio of financial successes to failures for the past dozen seasons as reported in the May/June issues of Variety. In 1976-77 there were 1.6 failures for each success; in certain other seasons (1971-72, 1973-74, 1975-76) more than 5 failures to each success. In no season have successes been more prevalent than failures. Also, the 1976-77 season showed record box office receipts of $94 million; but if adjusted for inflation, then revenues in constant dollars are lower than they were a decade ago. The following sections examine the financial structure of Broadway in terms of investment, production costs, operating expenditures, other costs, and revenues and calculates the return on investment for Broadway productions.

Investment

One method by which Broadway productions are funded is through a public offering of securities, which results in a "limited partnership" between the producer (general partner) and the contributors (limited partners). Productions may also be funded privately (no public offering is made), and the latter are on the increase according to the New York State Attorney General's Office. The discussion of Broadway finances throughout this chapter is of productions which have been funded through public offer-

ings, because data are not available for privately funded productions.

The estimated annual rates of increase of investments (in current dollars) between 1965-66 and 1976-77 are 5.9 percent for total investments, which is 6.4 percent for plays and 4.1 percent for musicals. Assuming that the rate of inflation in the cost of Broadway productions has approximated the rate of the wholesale price index over the same period (5.9 percent per year), then in constant dollars average investment in Broadway plays has increased slightly while for musicals it has fallen slightly. Although there has been a good deal of short-term fluctuation in total constant-dollar investment, there has been no tendency for it to increase or decrease over the period covered by the data.

Capitalization is growing more slowly than production costs. This may occur for several reasons: difficulty in raising the full amount of anticipated costs, underestimation of actual costs by the producer because of time intervals between raising the funds and actual production (thus costs reflect ongoing inflation), and losses during out-of-town tryouts. There are a number of ways in which producers can close the gap between the limited partners' investment and actual costs. They may exercise the "overcall" clause (usually limited partners are liable for an additional contribution of 10 to 20 percent), make or procure a loan to the partnership, defer payment of bills and payroll taxes, take cash overdrafts, and so forth. All methods of additional financing, except the overcall, have priority of repayment over the contributions by the limited partners. Other things being equal, the higher the overcall costs and debts of a production, the longer it will take for the limited partners to recoup their investment.

Production Costs

Production costs, which normally include all expenses through opening night, differed for plays and musicals between 1965 and 1977. The average cost of producing a musical is 3 times more than the cost of a play. But the rate of annual increase of production costs for plays is much higher than that of musicals. Also, for plays the increase is not only due to price inflation but to an increase in real costs.

Production costs have advanced significantly within the last 12 years. For individual items of production, the rate of annual cost of increase of nearly all has been faster for plays than for musicals (see Table 9). One explanation for the difference of the rate between plays and musi-

Table 9 **Average production costs of Broadway plays and musicals 1965-67 and 1975-77**

	Plays			Musicals			Average annual increase for plays and musicals
	1965-67	1975-77	Annual rate of increase	1965-67	1975-77	Annual rate of increase	
Performers' salaries	[illegible]	[illegible]	[illegible]	$ 34,756	$ 44,201	2.2%	[illegible]
Other artistic personnel	[illegible]	[illegible]	[illegible]	$ 16,553	$ 30,411	5.5%	[illegible]
Administrative	[illegible]	[illegible]	[illegible]	$ 24,724	$ 66,686	9.0%	[illegible]
Stagehands and crew	[illegible]	[illegible]	[illegible]	$ 5,128	$ 20,871	12.8%	[illegible]
Departmental	[illegible]	[illegible]	[illegible]	$186,856	$335,800	5.3%	[illegible]
Royalties and fees	[illegible]	[illegible]	[illegible]	$ 18,168	$ 35,277	6.0%	[illegible]
Tryouts	[illegible]	[illegible]	[illegible]	N.A.	N.A.	N.A.	[illegible]
Transportation and travel	[illegible]	[illegible]	[illegible]	$ 11,300	$ 27,020	7.9%	[illegible]
Taxes and benefits	[illegible]	[illegible]	[illegible]	$ 6,988	$ 21,444	10.2%	[illegible]
Legal and miscellaneous	[illegible]	[illegible]	[illegible]	$ 7,261	$ 16,936	7.7%	[illegible]
Rehearsal expenses	[illegible]	[illegible]	[illegible]	$ 10,408	$ 19,513	5.7%	[illegible]
Advertising and promotion	[illegible]	[illegible]	[illegible]	$ 31,293	$ 61,896	6.2%	[illegible]
Orchestration	[illegible]	[illegible]	[illegible]	$ 33,408	$ 79,481	7.9%	[illegible]
Other	[illegible]	[illegible]	[illegible]	$ 11,433	$ 11,534	0.1%	[illegible]
Total	[illegible]	[illegible]	[illegible]	$398,276	$771,070	6.0%	[illegible]

cals is that producers of musicals may have pursued cost-saving measures more vigorously than have producers of plays. In view of the size of the investments involved, it is easy to understand why this should be the case.

Several important trends and conditions are evidenced in Table 9 and Figures VI and VII (following).

Performers' salaries. The rate of increase of expenditures on performers' salaries has been on the average of 2.9 percent annually, which is somewhat lower than the general inflation rate (and lower than the rate of increase in performers' wage rates which is discussed in Chapter IV). The increase has been higher for plays (5.1 percent) than for musicals (2.0 percent)—again lending support to the hypothesis

Figure VI Production costs of Broadway plays 1965-67 and 1975-77

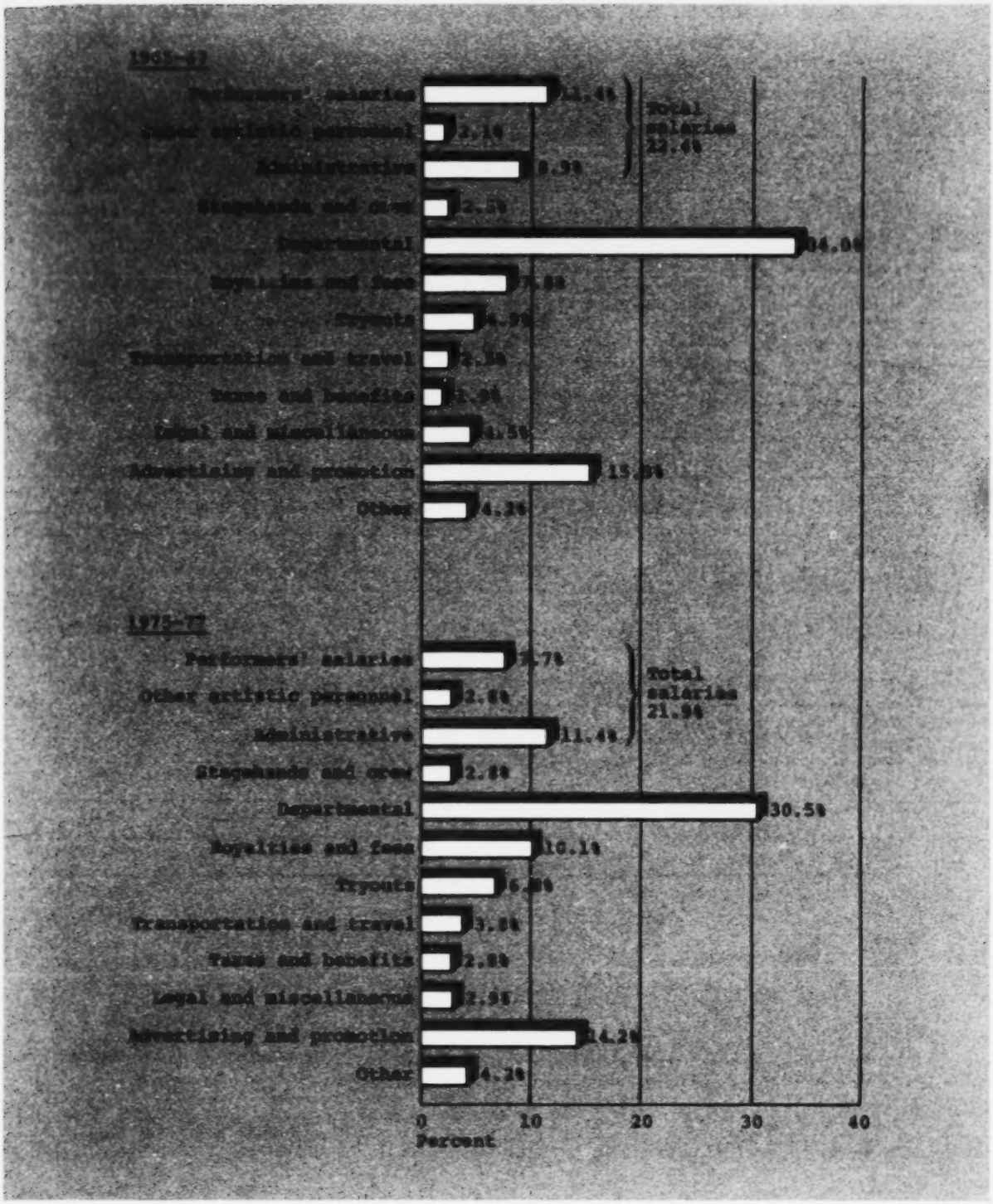
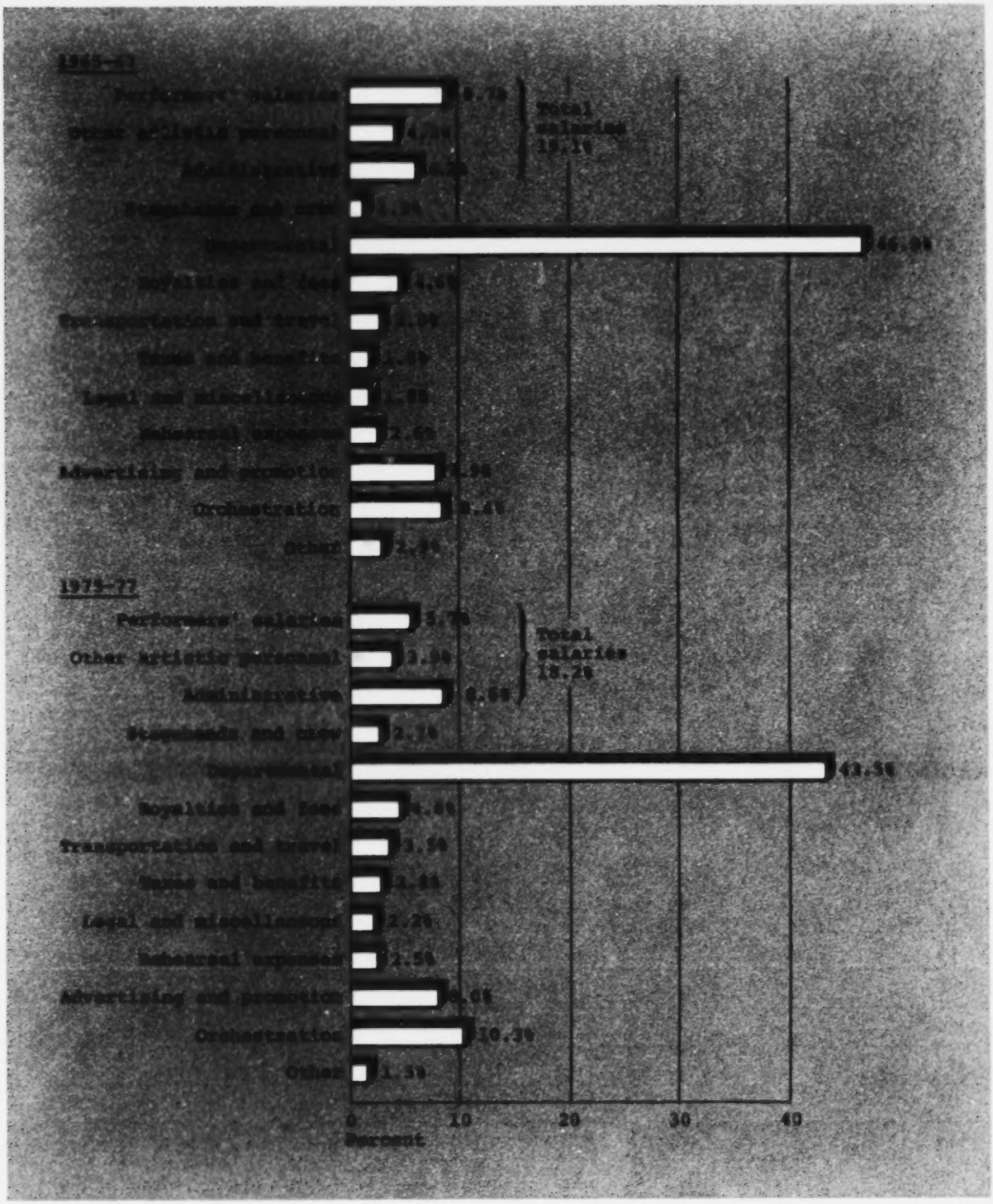


Figure VII Production costs of Broadway musicals 1965-67 and 1975-77



that cost-cutting measures have been greater for musicals than for plays.

Data on cast sizes in Table 10 help to explain this pattern. Cast sizes of plays have grown slightly between 1964-65 and 1975-76 by about 1.3 percent a year. This, together with the fact that expenditures on performers' salaries have grown more slowly than wage rates, may reflect a tendency to use lower-paid personnel. This argument is discussed further in Chapter IV. For musicals, the cast sizes have grown smaller. Although there has been some recovery in the most recent seasons, over the whole period cast size fell at a rate of 3.45 percent per year. This helps explain the low rate of growth of production salary expenditures for musicals. Also, given the growth in wage rates over the period, there has probably been some substitution of lower-paid personnel in musicals as well as in plays.

Salaries for performers take a smaller share of the budget in the 1975-77 period than they did in the 1965-67 period, and they are certainly not the most important item in production budgets. A detailed examination of performers' and other salaries is deferred to Chapter IV.

Other artistic personnel. This category includes salaries paid to stage managers, musicians, musical directors, hairdressers, dressmakers, and all other artistic personnel. Royalties and fees are treated under a separate section. The annual rate of increase for this category of salaries has been 10.7 percent for plays and 5.1 percent for musicals. However, their share of total production costs is modest. Their actual total share in total production costs should be viewed in combination with "royalties and fees," since a major part of their compensation appears under the "fees" category. An important gain achieved by unions and associations on behalf of artistic personnel is the spectacular increase in minimum wages reported to be as much as 6 to 7 times more than the minimum levels of a few years ago—and the increasing job security through the practice of advance payments required at the signing of contracts.

Administrative salaries and expenses. These costs include salaries of general and company managers, production associates, production secretaries, office charges, accounting and auditing fees, ticket office preliminary expenses, per diem allowances, insurance, telephones, and preproduction expenses incurred by the producer.

Administrative salaries and expenses are relatively large costs. They remain among the fastest rising (10.4 and 8.3 percent for plays and musicals rates of increase,

Table 10 **Cast size of Broadway plays and musicals between 1964-65 and 1975-76**

Season	Cast of 1-5		Cast of 6-9		Cast of 10-19		Cast of 20-29	
	Plays	Musicals	Plays	Musicals	Plays	Musicals	Plays	Musicals
1964-65	[illegible]	[illegible]	38.9%	0	[illegible]	[illegible]	5.6%	11.8%
1968-69	[illegible]	[illegible]	23.3%	12.5%	[illegible]	[illegible]	13.3%	18.8%
1970-71	[illegible]	[illegible]	36.4%	8.3%	[illegible]	[illegible]	13.6%	16.7%
1971-72	[illegible]	[illegible]	25.0%	25.0%	[illegible]	[illegible]	17.9%	10.0%
1972-73	[illegible]	[illegible]	21.9%	14.3%	[illegible]	[illegible]	12.5%	19.0%
1973-74	[illegible]	[illegible]	9.7%	10.0%	[illegible]	[illegible]	12.9%	30.0%
1974-75	[illegible]	[illegible]	22.2%	15.4%	[illegible]	[illegible]	16.7%	15.4%
1975-76	[illegible]	[illegible]	24.1%	11.8%	[illegible]	[illegible]	13.8%	17.6%

respectively) and they account for a considerable and increasing part of the budgets of both plays and musicals. (In 1975-77, the proportion of the budgets is 11.4 percent and 8.7 percent, respectively.)

In addition to higher administrative salaries and the relative difficulty in reducing managerial personnel, other administrative expenses have proliferated in the 1960s and 1970s.

This increase is part of the general cost of inflation, the rising costs in services, and increasing transactions spurred by new marketing techniques affecting both production and operating administrative costs (mail orders, "charge-it," and other marketing techniques requiring materials and personnel). The commitments of the artistic and managerial personnel operating in more than one location—often one commitment on the West Coast and the other on Broadway—have increased the cost of communications, per diems, and transportation. Finally, there is paperwork required for the administration of taxes and benefits.

Salaries of stagehands and crew. While salaries for performers have increased moderately, salaries for stagehands and crews—personnel that set, operate, and handle scenery, props, lights, costumes—have been increasing on the average at 9 percent for plays and 11.7 percent for musicals a year. This increase occurred despite the institution of cost-control measures, including automation. Reportedly, in 1965 more stagehands were employed per production than in the 1970s. In spite of the relatively fast increase in the salaries of stagehands, total payments to them account for only 2.8 percent of production costs for both plays and musicals.

Departmental costs. These include purchases and preparations of electrical and sound equipment, wardrobe, furniture, props, and the building and painting of sceneries.

Designers' and assistants' fees and expenses are not included; they appear under "fees and royalties." Total departmental costs now amount to 30.5 percent of production costs for plays and 43.6 percent for musicals—by far the largest item of the budget. These shares in total production costs are lower than they were in 1965-67. Approximately one-half of departmental costs are taken up by payments for the building and painting of sceneries, with cost of costumes being the second most expensive item.

The overall rate for departmental costs seems to have been increasing at a rate close to the wholesale price index for related materials and services.

Cast of 30 and over		Average cast size		
Plays	Musicals	All productions	Plays	Musicals
2.8%	70.6%	17.7	8.8	36.8
6.7%	56.3%	19.4	13.4	31.0
4.5%	61.7%	17.0	12.0	26.3
0	30.0%	16.4	12.3	22.2
0	26.6%	14.8	11.2	20.3
0	40.0%	14.9	11.0	27.0
0	38.4%	15.0	11.4	24.9
3.4%	41.2%	17.2	11.4	27.2

Royalties and fees. This includes fees paid to designers, directors, choreographers, music arrangers, managers, and a host of other professional categories. These professionals are receiving higher fees, as negotiated by their respective professional associations. Also, advance fees are being sought as security against the high probability that a production might fail. The same motive underlies arrangements for advance royalty payments.

Royalties and fees have been increasing at a rate of 10.5 percent annually for plays and 5.5 percent for musicals, and the percent of production costs allocated to royalties and fees has increased for plays from 7.9 to 10.1 percent. For musicals it has increased only slightly in importance. However, substantial hikes in remunerations obtained since 1977 aren't reflected.

Tryouts. Losses during tryout performances before the official opening on Broadway are part of production costs and obviously a considerable expense for plays with an annual rate of increase at 11.2 percent. (There was insufficient information available on this item for musicals to permit an estimate to be made.) Such a rapid increase in losses during tryouts is prompting various cost-control measures. More and more productions are being tried out in increasingly indirect manners, including originating as productions at Off-Broadway theatres or nonprofit resident theatres.

Transportation and travel. Transportation and hauling costs include artistic and managerial personnel and their personal effects as well as scenery, props, and costumes. If there are out-of-town tryouts, transportation and hauling costs tend to be higher.

However, with scenery construction studios moving out of New York City to avoid high space rents, transportation and hauling costs are bound to continue their high rate of increase, which has been 12.1 percent for plays and 7.3 percent for musicals.

Although such costs have only a modest share of total production costs, the share has increased since 1965 by approximately 38 percent for both plays and musicals.

Taxes and benefits. With a combined rate of annual increase at 9.8 percent for all productions and with a much greater share of total production costs in recent years, taxes and benefits clearly are making their mark on total costs. Again, one may expect these costs to continue at a high rate of increase with better organization of unions and associations and with higher tax rates.

Legal fees and miscellaneous items. Normally, these costs would be included in the administrative expenses and in the royalties and fees categories. But since in Thomas Gale Moore's The Economics of the American Theatre (Durham: Duke University Press, 1968) legal and audit fees were singled out for their rapid rate of increase, it seemed worthwhile to examine legal fees and expenses closely. They have been increasing at moderate rates of 4.8 percent for plays and 7.1 percent for musicals, but their share of total production costs has remained small and even declined.

Other small items in the total production budget are rehearsal expenses (excluding salaries which are included under the salary categories above) for rental of halls and incidentals, scripts and parts, expenses for opening nights, insurance, dues to the League of New York Theatres and Producers, and a host of other items that individually hold minute shares and collectively account, on the average, for approximately 3 percent of total production costs. Their combined rate of annual increase has been 3.1 percent.

Advertising and promotion. Advertising and promotion expenditures have been increasing faster for plays, at 7.8 percent per year, and relatively slower for musicals, at 5.7 percent per year. Although advertising expenditures have not been growing any faster than several other expenses, they account for the second largest share of total production costs for plays (14.2 percent of total costs) and an important but less prominent share for musicals (8 percent of total costs).

By far the most popular theatre advertising medium is newspapers. Since 1965 the proportion of expenditures allocated to newspaper advertising has been decreasing for plays and increasing for musicals. Billboards, signs, photos, and promotion were the second major outlets for musicals, although they have since gradually declined in importance. In addition, television and radio advertising have been rising in importance during the 1970s. Television spots are increasingly used by Broadway theatres, especially for musicals.

Finally, the expense for press agents has remained a small item of advertising expenditures and of total production costs; the average rate of increase has been 5 percent annually.

Orchestration. Orchestration is an important expense for musicals, increasing by 7.2 percent annually and obtaining a greater share of total production costs.

Table 11 **Average weekly operating expenditures of Broadway plays and musicals 1965-67 to 1975-77**

	Plays			Musicals			Average annual increase for plays and musicals
	1965-67	1975-77	Annual rate of increase	1965-67	1975-77	Annual rate of increase	
Performers' salaries	$ 6,398	$11,789	5.6%	$13,323	$20,455	3.9%	4.5%
Other artistic personnel	$ 1,157	$ 1,758	3.8%	$ 4,762	$ 8,375	5.1%	4.9%
Administrative	$ 1,764	$ 3,993	7.4%	$ 2,379	$14,160	16.2%	13.4%
Stagehands and crew	$ 1,265	$ 1,701	2.7%	$ 2,634	$ 4,977	5.8%	4.9%
Departmental	$ 376	$ 1,895	14.7%	$ 1,400	$ 2,347	4.7%	7.9%
Royalties and fees	$ 2,945	$ 5,652	5.9%	$13,400	$17,607	2.5%	3.2%
Taxes and benefits	$ 497	$ 2,121	13.2%	$ 935	$ 4,003	13.2%	13.2%
Advertising and promotion	$ 2,201	$ 7,322	10.9%	$ 4,135	$12,900	10.3%	10.6%
Other	$ 623	$ 833	2.6%	$ 1,209	$ 1,224	0.1%	1.1%
Total	$17,226	$37,064	7.0%	$44,177	$86,048	6.1%	6.3%

Operating Expenditures

Operating expenditures (or running costs) normally include all expenses, charges, and payments incurred in connection with the operation of the show. The theatre rental or "theatre share" is usually about 25 percent of the gross weekly box office receipts with a weekly minimum amount set in the contract. This aspect is not considered in the following discussion.

The annual rate of increase of current operating expenditures is 4.7 percent for plays and 2.7 percent for musicals, a decline in operating expenses in constant dollars. Operating expenses in general have increased much less than production costs, although in the last 2 years those for musicals have shot up conspicuously.

Table 11 provides information on the annual rates of increase of individual operating expenditures for plays and musicals between 1965-67 and 1975-77; Figures VIII and IX (following) show the percent of total operating expenses for each item at the beginning and end of the period. Although in absolute terms total operating expenditures for musicals are twice as much as the total for plays, the rate of annual increase for plays is much higher than that of musicals.

The following examination of individual expenditure items reveals which increase the fastest and whether their proportion of the total has changed.

Figure VIII **Operating expenditures of Broadway plays 1965-67 and 1975-77**

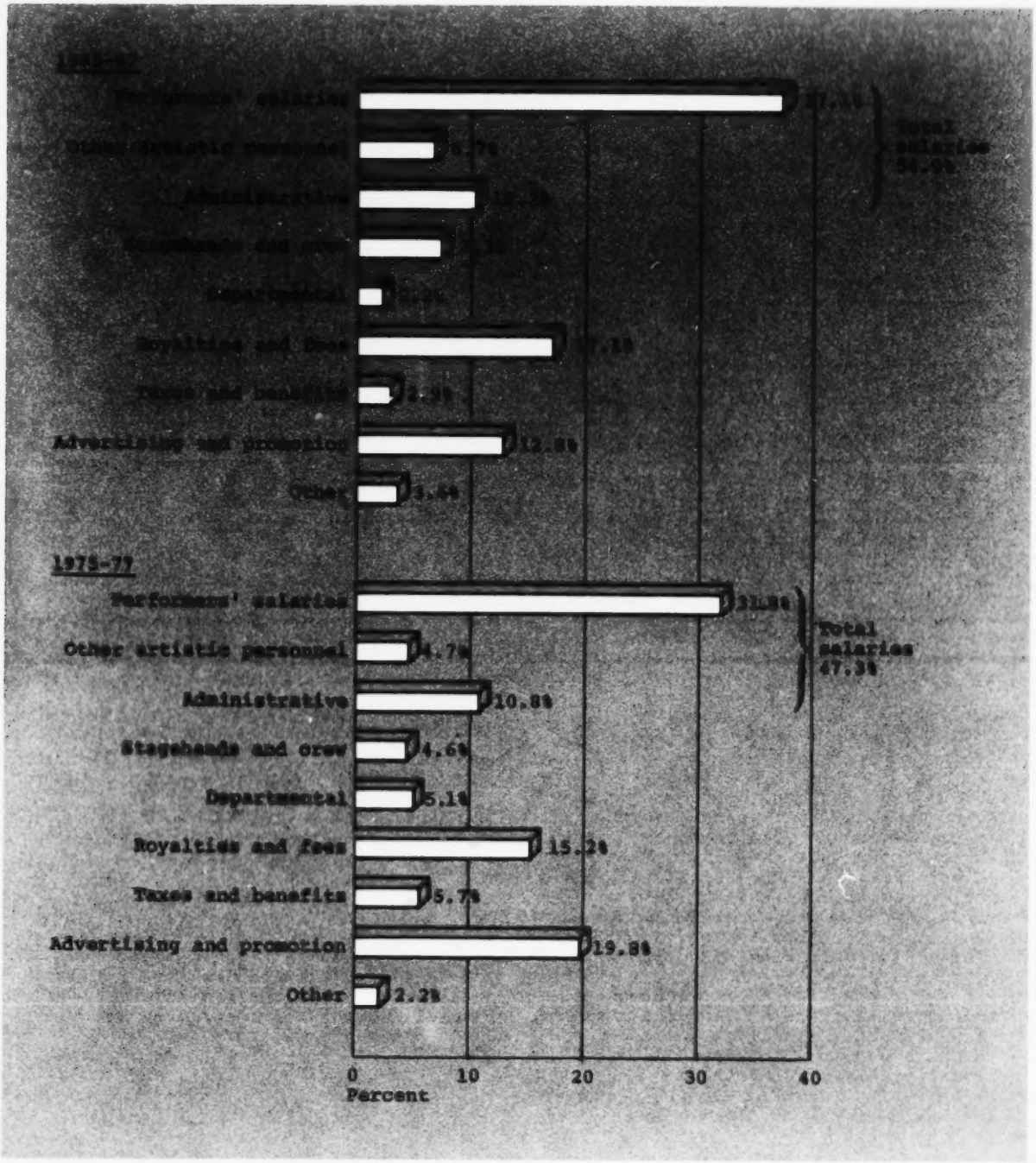
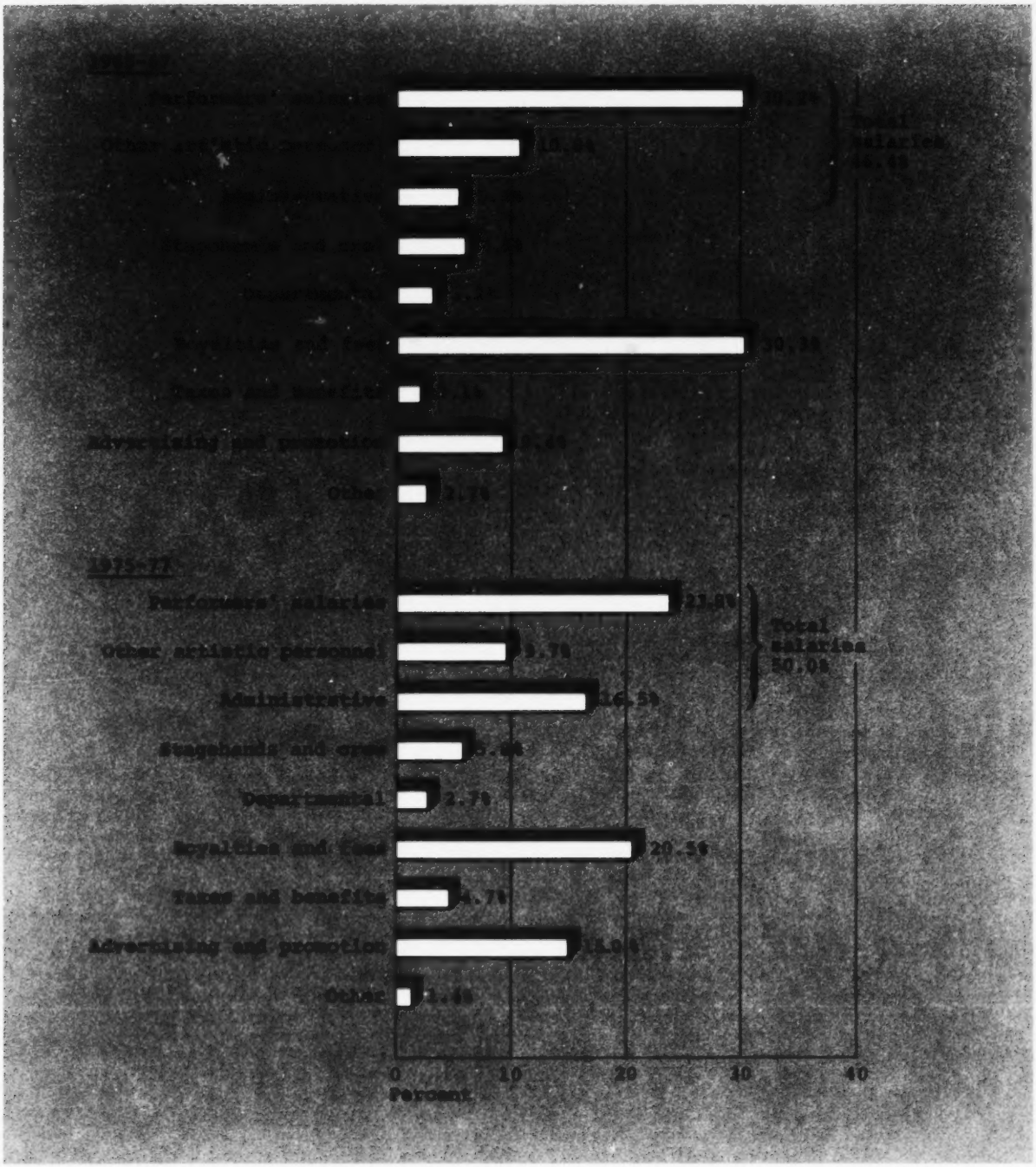


Figure IX **Operating expenditures of Broadway musicals 1965-67 and 1975-77**



Performers' salaries. The single most important expense in the total operating budget is salaries (31.8 percent for plays and 25.5 percent for musicals) but there has been a decline of their proportion of total operating cost from the mid-1960s. The annual rate of increase has been 5.1 percent for plays and 3.6 percent for musicals.

Advertising and promotion. Advertising expenditures are the second leading expense item in plays and the third largest in musicals. Advertising has increased for both plays and musicals since the mid-1960s, growing at an annual combined rate of 9.7 percent. The fast rise in advertising expenditure can be attributed to attempts to compensate for competition from television and to take account of the greater geographical dispersion of audiences. On the average, a show that runs for a year may spend about $380,000 on advertising for plays and about $600,000 for musicals. The increasing allocation of dollars toward publicity suggests that producers believe advertising is paying off in attracting audiences.

Royalties and fees. Payments to directors, designers, and playwrights amount to 15.3 percent for plays and 14.6 percent for musicals. The bulk of payments to designers is made before the opening of the show and to playwrights (except for the nonrefundable advance) after the opening. The average annual rate of increase of fees and royalties is among the lowest of all components of operating costs, and there is a decline in their relative share of total operating expenditures. However, the relatively modest rate of annual increase may reflect the fact that the 1970s has been a period to consolidate earlier gains by unions and associations and to opt for even greater security in the form of larger advance payments.

Administrative salaries and expenses and other operating costs. As with similar production costs, increasing activity in marketing innovations and paperwork associated with employees' benefits has accounted for rapid increases in administrative salaries and expenses for operating costs. Of total operating expenditures, these account for 17.7 percent for musicals and 10.8 percent for plays. Their rate of annual increase has been, on the average, 12.3 percent. Another fast-growing group of operating costs are those for carpentry, sound, lighting, and other departmental expenditures. Although their share of the total is approximately 4 percent, their rate of annual increase has been 7.3 percent over the last 12 years. Also, taxes and personnel benefits have a fast rate of increase (12.1 percent per year) and have more than tripled since the mid-1960s, although they occupy only a modest share of total operating expenditures (5.3 percent). Salaries for technical artistic personnel and those for stagehands and crew have been increasing at the modest annual rates of 4.4 and 4.5 percent, respectively. While salaries for technical artistic personnel are 7.6 percent of total operating expenditures for both plays and musicals, stagehands and crew are 5.4 percent.

By and large, operating expenditures that account for a greater share of the total are increasing at a slower pace than most of the relatively small expenditures. In spite of increases for several items, operating expenditures as a whole have been increasing at a slower pace than production costs.

Other Costs

Included in this category are costs incurred during the close of a show and during the change of a theatre house or facility.

Closing. Closing expenses include adjustments of payroll, transportation and hauling, administrative salaries, accounting and audit fees (closing the books and preparing partnership tax returns), restoration of stage, "take out" stagehands costs, unused ticket and theatre playing dates, cancellation charges, insurance, payroll taxes, additional vacation pay, union pensions, and storage. During closing, a production may be able to sell or rent scenery or costumes, thus offsetting some of the closing costs. The largest of these costs is usually for restoration of the stage, followed by salaries to stagehands. In a sample of 100 shows between 1964 and 1977, the highest closing cost for plays was $23,000 and the lowest was $1,500. For musicals, the highest closing cost was $60,000 and the lowest was $3,500. Closing costs averaged 7.8 percent of the size of production costs for plays and 4.5 percent for musicals.

Moving. Sometimes a show may choose or be forced to move from one theatre house to another. Reasons for such moves are varied —previous contractual arrangements of the house, a move from Off-Broadway to Broadway, need of a better stage. In a sample of 9 shows, these costs ranged from $5,500 (in 1966) to $69,000 (in 1973). The average rate of increase follows closely the rate of increase of production costs.

Revenues

Box office receipts. Average receipts per show, per week, have improved since the 1960s, with spectacular increases in the 1974-75 to 1976-77 seasons in terms of cur-

Table 12 **Average weekly box office receipts of Broadway plays and musicals 1965-66 to 1976-77**

Season	Plays		Musicals	
	Current dollars	Constant 1967 dollars	Current dollars	Constant 1967 dollars
1965-66	$29,000	$30,000	$62,000	$64,000
1966-67	$27,000	$27,000	$66,000	$66,000
1967-68	$29,000	$29,000	$69,000	$69,000
1968-69	$31,000	$30,000	$69,000	$67,000
1969-70	$31,000	$29,000	$64,000	$60,000
1970-71	$34,000	$31,000	$62,000	$56,000
1971-72	$29,000	$25,000	$57,000	$50,000
1972-73	$27,000	$23,000	$73,000	$61,000
1973-74	$35,000	$26,000	$67,000	$50,000
1974-75	$47,000	$29,000	$81,000	$51,000
1975-76	$48,000	$27,000	$86,000	$49,000
1976-77	$60,000	$33,000	$93,000	$51,000

rent dollars. However, in terms of constant dollars, the pattern is less impressive and, in large measure, box office receipts per week have actually declined (see Table 12). Of these receipts, approximately 25 percent is paid to the theatre owner and the rest is the company's share. Although the total revenue from all sources is the single most important factor in assessing the financial condition of a production, receipts are important in assessing the gains of the various interests associated with a production. For example, theatre owners share in the box office gross but not in the selling of subsidiary rights.

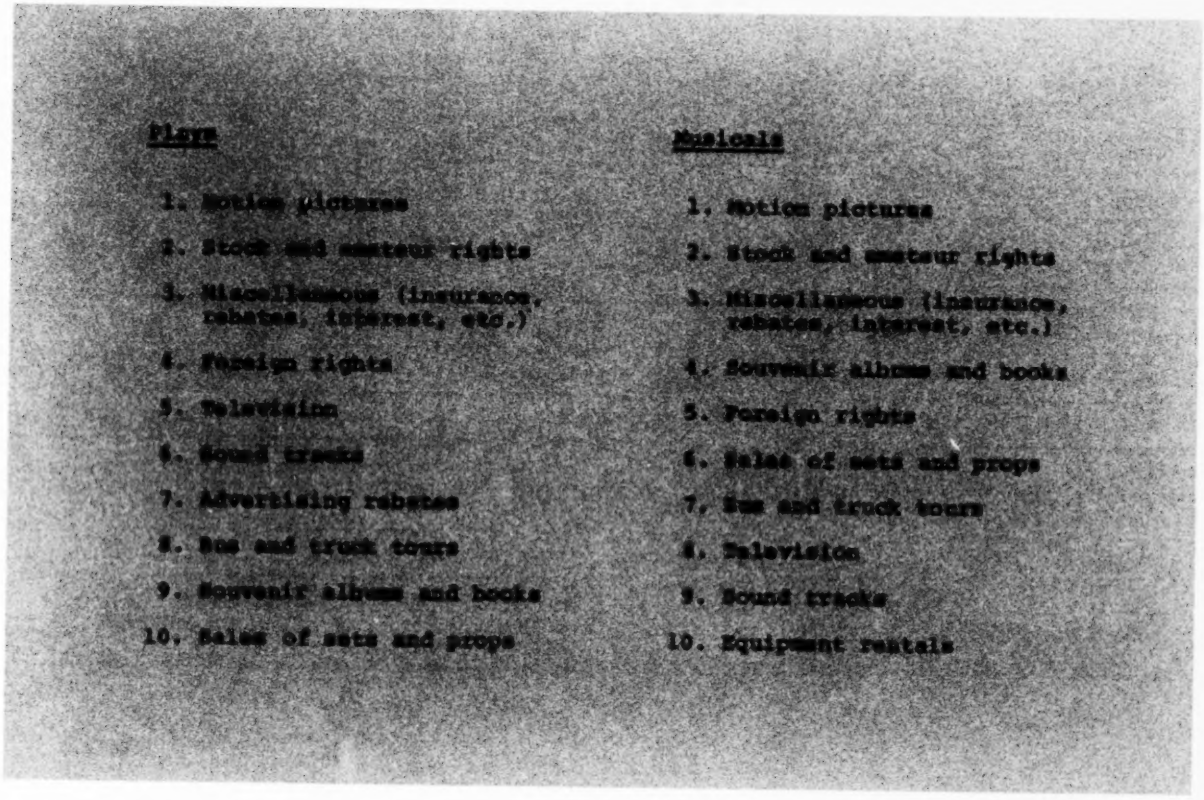
Other income: subsidiary rights and miscellaneous income. The category of other income includes earnings from the sale of rights to produce the live show again either domestically or abroad, earnings from the sale of motion picture rights, and earnings from television and recordings. Additional income accrues to the production from the sale of show albums and souvenir books, rentals of equipment, costumes, sales of sets and props, advertising rebates, insurance credits, interest from deposits, return of bonds deposited with unions and theatres, and tax refunds.

This income category is an important one, especially for successful productions as defined by Variety's classifications of "successful" and "undecided" or "failing." Cumulative ancillary income for successful plays covers, on the average, 160.7 percent of the total production costs of these plays—ranging from 10.37 percent to 784 percent, with the median 97.46 percent. For plays with undecided or failing status, the average was 5.45 percent, ranging from 0.01 percent to 27.98 percent, with the median 5 percent.

Making similar estimates for successful musicals, such income accounted on the average for 77 percent of total production costs—ranging from 5.73 percent to 1,030.90 percent, with the median 37 percent. For the rest of the musicals (undecided and failures), the average was 7.26 percent, the range being from 0.05 percent to 38 percent, and the median 2.02 percent.

On the average, each musical (successful and otherwise) received $183,847 and each play $75,080 from other income—clearly

Figure X **Relative importance of "other income" for selected successful Broadway plays and musicals 1965-66 to 1976-77**



significant figures. There did not seem to be a trend in other income receipts, but there is a correlation between the length of run and cumulative other income. Figure X illustrates the relative importance of "other income" sources for successful plays and musicals.

Revenue from national companies. The producer of a Broadway show may decide to mount a second version for touring. The production costs of such companies (usually called "national") are paid out of the operating surplus of the New York company and take precedence over the repayment of the parent production's limited partners. Moreover, the producer makes the decision of additional touring productions unilaterally, according to the limited partnership agreement. By and large, touring companies have endured the same vicissitudes as Broadway.

Production costs of national companies are apt to be much less than the production costs of the parent show—often as little as half. The most prominent operating cost items are typically transportation, hauling, and per diems. The net profit from these companies are recorded as net profits of the parent company. On the average, for both plays and musicals, profits exceed losses and the estimated ratios of profits to losses are 3.90 for plays and 2.55 for musicals. However, since these results are based on a limited number of study cases, they are not conclusive, at best only an indication of costs and revenues.

Although no attempt has been made to estimate aggregate average revenues from all sources, Broadway losses are offset, on the average, at least 50 percent by net receipts from subsidiary rights and the road.

Profits and Losses

The basic questions about cost and revenues of Broadway theatre are these: Does Broadway theatre make a profit? If so, does it earn enough to repay investors with a reasonable return on their investments? To answer these questions, the study included an examination of the patterns and magnitudes of cash flows associated with production and operation.

There are 4 main types of cash flows associated with Broadway undertakings: first, production costs incurred prior to opening; second, weekly operating costs and weekly operating revenues which determine the weekly operating margin and may be positive or negative (during the early period of the run of a successful show, a positive margin contributes to the recovery of the production costs and, when these are paid back, contributes to profit); third, income from subsidiary rights; and fourth, income and closing costs if the show tours (revenues from national touring companies may be an additional source of cash flow).

In computing the profit rate for the period 1965-66 through 1976-77, estimates were made of the size and timing of the cash flow types by averaging selected data over the period. Averaging was done to eliminate cyclical variability. The averages that were computed are presented in Table 13 (following). Shows that failed were assumed to have an operating margin of zero dollars. An estimating procedure was then utilized that related the estimated average cash flows to the estimated timing at which they occurred over the life of a show. With other information collected in the study, the assumption was made that musicals turn out to be successful about 37 percent of the time and plays are successful about 25 percent; and on the average, the successful musical runs for 80.625 weeks while the successful play runs for 48.25 weeks. The calculations that were made employed a present value model and gave a rate of return of 16.39 percent a year for musicals and 7.66 percent a year for plays. A final step in computing an overall rate of return for both musicals and plays was to weight the returns by their percentage shares of total investment and add them. When this was done, the estimated overall rate of return is 13.18 percent per year excluding the possible contribution from national touring companies. Since national touring companies tend to be more profitable than shows on Broadway, the 13.18 percent of return understates the overall profitability of shows that combine both a Broadway run with a national tour.

Some additional qualifications are worth noting. First, the calculated return is the total return on investment both to the general partner (producer) and limited partners. The limited partners, who frequently put up most or all of the money, do not receive this rate of return. The partnership agreement commonly awards all net revenue to the limited partners until their investment is reimbursed and thereafter splits income between the limited partners and the general partners on a fifty-fifty basis. For example, assuming that the limited partners put up all of the money for a musical, their average cash flow, combining both successes and failures, may not recover their investment. This explains why partnership agreements usually contain language such as the following: "A purchaser of the Limited Partnership Interest being offered hereby should be prepared to lose his entire investment because of the nature of theatrical undertakings."

Table 13 **Average cash flows of Broadway plays and musicals 1965-66 to 1976-77**

Plays	
Production costs	$147,876
Weekly operating margin—successes	$ 8,397
Weekly operating margin—failures	0
Other income—successes	$237,637
Other income—failures	$ 8,059
Closing costs	$ 11,534
Musicals	
Production costs	$493,528
Weekly operating margin—successes	$ 14,633
Weekly operating margin—failures	0
Other income—successes	$380,016
Other income—failures	$ 35,830
Closing costs	$ 22,209

It should be noted that this calculation, which shows that the limited partners may lose on their investments even though the entire partnership (including the producer) gains, does not necessarily mean that the producer is profiting at the expense of the limited partners. Producers invest time and resources in the search for properties and the formation of partnerships that are often not reflected in the production costs. The income earned from management fees, office charges, and the 50 percent share of any net profits must yield the producer a return on these overhead costs. Without further data, no conclusions can be reached about whether the division of income customarily provided in partnership agreements results in extraordinary returns to producers. No information has been obtained on whether investments in Broadway productions have become more or less profitable over the years although the following observations suggest that the return on investments has fallen.

The fastest growing items for both musicals and plays are production costs, as Table 14 shows. The rate of increase in investment in productions has lagged behind that of production costs, a gap which may be explained by the very low rate of return to limited partners estimated above. This gap means greater responsibility and risk for the producer. Also, it is evident that production costs have grown more rapidly than operating margins. This means, other things being equal, that investment recovery periods have lengthened. Since 1965, the annual rate of increase has been 4.5 percent for plays and 4.7 for musicals. Table 15 shows average profit margins and estimated recoupment periods of investors' money. (The estimates assume that there are no debts that have priority.) Operating margins for musicals seem to increase less than those of plays. Recoupment periods for plays are shorter than for musicals. However, plays and musicals that have net revenues from subsidiary rights, national companies, or other sources may have shorter recoupment periods than the average.

Finally, another qualification that should be made regarding the computation of rates of return is that there are different losses and gains for individual participants. For

example, performers, playwrights, and other artistic personnel have made gains in income security (increasing guaranteed minimum compensation). Increasing advance payments to personnel have shifted the risk toward the producer. The theatre owners' share has remained stable for the last 10 years. However, with successes running longer, the turnover of shows may be less and reduce the theatre owners' annual expenses in bringing in new shows. Moreover, many theatre owners are now producers. This new shift increases both risks and profitability.

Table 14

Annual rates of increase of Broadway financial indicators 1965 to 1977

	Plays	Musicals
Investment	6.4%	4.1%
Production costs	10.7%	4.7%
Operating expenditure	4.7%	2.7%
Box office receipts	5.6%	2.8%
Recovery period for successes	4.5%	4.7%
Operating margin for successes	6.8%	3.8%
Theatre share	5.6%	5.6%

Table 15

Average Broadway profits and recoupment periods for successful plays and musicals 1965-66 to 1976-77

	Plays		Musicals	
Season	Weekly operating profit	Recoupment weeks	Weekly operating profit	Recoupment weeks
1965-66	$ 5,783	12.2	$15,161	19.8
1966-67	$ 6,190	13.8	$17,638	26.0
1967-68	$ 5,868	14.5	$11,108	37.6
1968-69	$ 7,093	15.8	$10,146	52.7
1969-70	$ 7,593	15.9	$14,187	32.9
1970-71	$ 6,445	18.3	$18,826	27.8
1971-72	$ 8,699	17.4	$14,296	36.1
1972-73	$ 9,190	18.2	$14,458	32.8
1973-74	$ 9,968	19.0	$10,505	48.1
1974-75	$10,120	20.0	$22,000	30.2
1976-76	$11,125	20.0	$14,516	43.6
1976-77	$12,692	21.3	$12,762	47.9

LARGER NONPROFIT THEATRE

The larger nonprofit theatres are concentrated in the Northeast part of the nation, in the Midwest, and on the West Coast.

Fifty-nine larger nonprofit theatres were examined using data from the National Endowment for the Arts, Ford Foundation, and Theatre Communications Group (see Table 16). Deficits were incurred by 25 theatres (42 percent of the sample) in amounts that ranged from $180 to $244,235. The median deficit was $51,070. Of the remaining 34 theatres, 23 (39 percent) had balanced budgets and 11 (18.6 percent) had surpluses; the surpluses ranged from $730 to $131,100 and totaled $165,014. Although the bulk of revenues comes from ticket sales, an additional 38 percent has to be made up from contributions in order to meet costs. (Here and throughout this section, "earned income" refers to revenues from ticket sales, programs, parking, movies and TV, and services; "unearned income" means contributions and grants. Production and operating costs are combined because of the nature of the operation of these theatres.)

Table 17 is based on the total operating budgets of 30 theatres for selected years. It was possible to go back as far as 1965 for this group. The increase of all components of the budget between 1965-66 and 1976-77 was substantial no doubt because the 1960s and early 1970s were formative years for the nonprofit theatre. The Guthrie Theatre was founded in 1963, and with it the whole regional nonprofit movement accelerated; just 2 years later the National Endowment for the Arts was established.

An examination of growth rates for these 30 theatres between 1965 and 1977 leads to some interesting conclusions (see Table 18). First, they all outstrip the rates of growth for the wholesale and consumer price indexes over a comparable period of time. Second,

Table 16 **Income and expenditures of fifty-nine larger nonprofit theatres 1976-77**

Earned income	$38,087,685	62%
Unearned income	$21,501,702	35%
Total income	$59,589,387	97%
Total expenditures	$61,403,645	100%
Surplus or (deficit)	($ 1,814,258)	(3%)

Table 17 **Income and expenditures of thirty larger nonprofit theatres between 1965-66 and 1976-77**

Season	Total earned income		Total unearned income		Total income		Total operating expenditures
1965-66	$ 8,920,997	76.6%	$ 2,732,489	23.4%	$11,653,486	100%	$11,955,735
1967-68	$13,193,985	71.2%	$ 5,335,473	28.8%	$18,529,458	100%	$19,929,917
1970-71	$14,110,660	67.3%	$ 6,856,740	32.7%	$20,967,400	100%	$21,187,170
1971-72	$14,409,965	64.9%	$ 7,798,707	35.1%	$22,208,672	100%	$22,133,318
1972-73	$16,953,817	63.5%	$ 9,742,137	36.5%	$26,695,954	100%	$25,978,747
1973-74	$17,475,241	63.2%	$10,154,799	36.8%	$27,630,040	100%	$27,660,029
1976-77	$23,482,928	65.1%	$12,569,323	34.9%	$36,052,251	100%	$37,166,244

the growth rates of earned income and total operating expenditures are roughly equal (particularly over the 1970s). In other words, the proportion of the budget covered by earned income has remained roughly constant over the recent past.

Budgets

The records of 59 larger nonprofit theatres examined in Table 16 show that no two budgets are alike. Both the size and the relative composition of a budget may differ because of such factors as the number and nature of typical productions, with their different cast sizes and production demands; the repertory system of performance as compared to the stock system; the degree to which a company is permanently employed by the theatre; the physical plant, including theatre size, upkeep, availability of rehearsal space, and ownership of the building; geographical location, which means different local rules on safety and insurance as well as the price and availability of such materials; and the extent of experimental work undertaken.

Theatres differ in their situations and their identities, and their budget reporting differs not only from theatre to theatre but often from year to year for the same theatre. As a result, the following assessment of such matters as the composition of production and operating expenditures must be viewed in light of the difficulty in finding budget consistency.

Table 18 **Rates of increase in income and expenditures of thirty larger nonprofit theatres 1965 to 1977 and 1970 to 1977**

	1965 to 1977	1970 to 1977
Earned income	7.8%	8.8%
Unearned income	13.2%	9.9%
Total income	9.4%	9.1%
Operating expenditures	9.1%	9.6%

Surplus or (deficit)	Earned income percent of operating expenditures	**Unearned income percent of operating expenditures**
($ 302,249)	74.6%	**22.9%**
($1,400,459)	66.2%	**26.8%**
($ 219,770)	66.6%	**32.4%**
$ 75,354	65.1%	**35.2%**
$ 717,207	65.3%	**37.5%**
($ 29,988)	63.2%	**36.7%**
($1,113,993)	63.2%	**33.8%**

Table 19 **Average expenditures of thirty larger nonprofit theatres between 1965-66 and 1973-74**

Salary	1965-66		1967-68		1970-71	
Performers and other artistic personnel	$124,296	31.2%	$198,175	29.8%	$209,868	29.7%
Administrative	$ 58,040	14.6%	$104,836	15.8%	$119,845	17.0%
Stagehands and crew	$ 32,408	8.1%	$ 69,518	10.5%	$ 62,323	8.8%
Fringe benefits	$ 17,569	4.4%	$ 33,572	5.1%	$ 39,421	5.6%
Total salary	$232,313	58.3%	$406,101	61.1%	$431,457	61.1%
Nonsalary						
Departmental	$ 38,204	9.6%	$ 55,007	8.3%	$ 50,585	7.2%
Royalties and fees	$ 9,780	2.5%	$ 16,854	2.5%	$ 17,760	2.5%
Transportation and travel	$ 5,189	1.3%	$ 11,137	1.7%	$ 12,922	1.8%
Advertising and promotion	$ 36,823	9.2%	$ 61,929	9.3%	$ 71,025	10.1%
Facilities and related costs	$ 33,409	8.4%	$ 48,272	7.3%	$ 49,935	7.1%
Fundraising	$ 2,873	0.7%	$ 6,649	1.0%	$ 4,627	0.7%
Other	$ 39,934	10.0%	$ 58,381	8.8%	$ 67,927	9.6%
Total nonsalary	$166,212	41.7%	$258,229	38.9%	$274,781	38.9%
Grand total	$398,525	100.0%	$664,330	100.0%	$706,238	100.0%

Budget Shares

The analysis of budget shares is based on two sets of data. One set (the Ford Foundation Survey of Finances of Performing Arts Organizations for 1965-66 through 1973-74) is used for computing the rates of annual increase for individual cost items up to 1974. The other set of data (financial statements of the same theatres for fiscal 1976-77) is used for analyzing the composition of more recent operating expenditures. However, the two sets of data are not really comparable because it was not feasible to combine all budget items in a consistent way.

Table 19 reports average expenditures for 30 theatres for selected years between 1965-66 and 1973-74. Annual rates of increase for most of these are shown in Table 20 (following).

Salary costs take a larger portion of the budget than nonsalary costs. Performing and nonperforming artistic personnel is the largest factor in the total budget but shows a slight decrease in their share since 1965. Salaries of nonperformers have been increasing faster than have salaries of performers. Administrative salaries, the next largest salary cost, have increased their relative share of total expenditures

1971-72		1972-73		1973-74	
$224,512	30.4%	$255,762	29.5%	$266,213	28.9%
$121,442	16.5%	$138,933	16.0%	$151,994	16.5%
$ 72,254	9.8%	$ 80,861	9.3%	$ 89,499	9.7%
$ 42,251	5.7%	$ 54,725	6.3%	$ 59,099	6.4%
$460,459	62.4%	$530,281	61.2%	$566,805	61.5%
$ 55,007	7.5%	$ 75,114	8.7%	$ 71,468	7.8%
$ 18,389	2.5%	$ 20,379	2.3%	$ 25,679	2.8%
$ 16,607	2.3%	$ 20,379	2.3%	$ 24,191	2.6%
$ 66,295	9.0%	$ 77,929	9.0%	$ 80,874	8.8%
$ 47,550	6.4%	$ 55,981	6.5%	$ 62,274	6.8%
$ 4,827	0.7%	$ 5,836	0.7%	$ 5,487	0.6%
$ 68,642	9.3%	$ 80,154	9.3%	$ 85,223	9.2%
$277,317	37.6%	$335,772	38.8%	$355,196	38.5%
$737,776	100.0%	$866,053	100.0%	$922,001	100.0%

since 1965. Salaries for stagehands and crew account only for 9.7 percent of total expenditures during the 1973-74 period, but their annual rate of increase since 1965 is 10.1 percent. The fastest-growing item in the salaries category (also the smallest) is employees' fringe benefits, which have increased by 69 percent since 1965.

Among nonsalary costs, the largest category is the miscellaneous one of "other" costs (which includes depreciation and interest on loans along with the usual incidental costs). However, the fastest-increasing nonsalary item is transportation, which is only a small part of total expenditures. Of all costs, then, salary costs are clearly the largest component of the budget, with 61.5 percent in 1973-74. This is partly a result of theatre being a labor-intensive activity and partly because union contract minimums set a floor on salaries. Of course, an organization wishing to lower salary costs could decide to use smaller casts, but even for a play with two actors there is still the need for such nonperforming artistic personnel as a director or a sound and light technician, and the annual rates of salary increase for this category (and for stagehands) are higher than those of performers.

Table 21 **Average expenditures of fifty-eight larger nonprofit theatres by budget size 1976-77**

	10 theatres with budgets of $101,000-$300,000		10 theatres with budgets of $301,000-$500,000		6 theatres with budgets of $501,000-$700,000	
Salaries	$116,011	51.5%	$214,736	53.1%	$314,767	53.4%
Administrative and fundraising	$ 4,441	2.0%	$ 17,618	4.4%	$ 9,814	1.7%
Stagehands and crew	$ 27,513	12.2%	$ 23,894	5.9%	$ 74,451	12.6%
Taxes	$ 3,760	1.7%	$ 10,522	2.6%	$ 18,581	3.2%
Fringe benefits	$ 4,137	1.8%	$ 6,516	1.6%	$ 12,340	2.1%
Royalties and fees	$ 9,618	4.3%	$ 15,307	3.8%	$ 26,652	4.5%
Transportation and travel	$ 5,674	2.5%	$ 12,282	3.0%	$ 9,192	1.6%
Advertising and promotion	$ 25,685	11.4%	$ 49,364	12.2%	$ 57,813	9.8%
Facilities and related costs	$ 14,973	6.6%	$ 22,456	5.6%	$ 30,288	5.1%
Telephone	$ 2,121	0.9%	$ 3,974	1.0%	$ 5,570	0.9%
Other	$ 11,387	5.1%	$ 27,539	6.8%	$ 29,938	5.1%
Total	$225,321	100.0%	$404,208	100.0%	$589,406	100.0%

Up to this point, the analysis of costs has been based on the combined average expenditures of 30 theatres during 1965-74. Another, and more recent, perspective can be seen from expenditures of 58 theatres for 1976-77 (see Table 21).

There are differences between the budget shares of 1965-74 data and those based upon the more recent financial statements. The most significant example is that the 1976-77 data indicate 52 percent of the budget is allocated to salaries. In the 1973-74 period the average allocation to salaries was approximately 56 percent of total costs when fringe benefits were similarly excluded. Since no examination was made of the raw data underlying the earlier figures and since the 1976-77 sample included several additional theatres, it is not clear whether the differences implied by the two sets of data represent real changes or whether they simply represent differences in reporting.

Table 20

Annual rates of increase in expenditures of thirty larger nonprofit theatres between 1965-66 and 1973-74

Salary	
Performing artistic	7.9%
Nonperforming artistic	9.2%
Production/technical	10.1%
Fringe benefits	13.5%
Administrative	10.4%
Total salary	9.6%
Nonsalary	
Departmental	6.9%
Facilities and related costs	6.1%
Transportation and travel	17.2%
Subscription and promotion	8.4%
Royalties	9.5%
Fundraising	5.2%
Total nonsalary	8.2%

14 theatres with budgets of $701,000-$1 million		15 theatres with budgets of $1.001-$2.2 million		3 theatres with budgets of $2.201 million +		Total	
$412,530	50.8%	$ 608,830	47.5%	$1,511,610	53.8%	$3,178,484	51.85%
$ 27,413	3.4%	$ 61,826	4.8%	$ 157,373	5.6%	$ 278,485	4.54%
$ 76,551	9.4%	$ 108,973	8.5%	$ 249,953	8.9%	$ 561,335	9.16%
$ 20,719	2.5%	$ 32,067	2.5%	$ 42,541	1.5%	$ 128,190	2.09%
$ 27,835	3.4%	$ 28,244	2.2%	$ 174,251	6.2%	$ 253,323	4.13%
$ 54,227	6.6%	$ 76,631	6.0%	$ 151,954	5.4%	$ 334,389	5.45%
$ 25,880	3.2%	$ 36,100	2.8%	$ 16,397	0.6%	$ 105,525	1.72%
$ 80,111	9.9%	$ 131,709	10.3%	$ 297,346	10.6%	$ 642,028	10.47%
$ 49,319	6.1%	$ 91,008	7.1%	$ 173,324	6.2%	$ 381,368	6.22%
$ 6,553	0.8%	$ 11,962	0.9%	$ 12,804	0.2%	$ 42,985	0.70%
$ 31,756	3.9%	$ 95,352	7.4%	$ 27,728	1.0%	$ 223,700	3.65%
$812,894	100.0%	$1,282,702	100.0%	$2,815,281	100.0%	$6,129,812	100.00

Revenues

Revenues are comprised of earnings of the theatre and contributions from the public and private sectors. The total does not always balance with total expenditures. For the larger nonprofit theatres in the 1976-77 sample, 62 percent of total expenditures was covered by earned income and 35 percent by contributions, and a deficit of almost 3 percent remained (see Table 16).

Earned income. Theatres earn income in a variety of ways although the bulk of their earnings is from the box office. On the average, the larger nonprofit theatres earn 70 percent of their income.

The main sources of earned income of 30 larger nonprofit theatres in selected years between 1965-66 and 1973-74 are shown in Table 22.

Rates of annual increase in sources of this earned income are shown in Table 23. Income from subscription tickets contributes the greatest part of the 1973-74 total earned income (39 percent) and it has grown at an annual rate of 10.7 percent. In the 1965-66 period it accounted for only 29.9 percent of all earnings while single and block ticket sales were 42.8 percent. Relative positions have been reversed since that time. Furthermore, the selling of single and block tickets for individual performances has been increasing at a much lower rate (3.4 percent) than subscription income.

Income from services is growing as fast as subscription income (at 10.7 percent). This is a relatively new form of earned income based on contracts with governmental authorities or sponsoring organizations to give a single or a series of performances, often free of charge. An example of such an arrangement is public summer performances in parks.

The fastest-increasing sources of earned income are those associated with TV and movie performances. Although still a very small contribution to total earnings, these sources have the potential of becoming larger—especially if business decides to sponsor media performances of American theatre in the way it does other forms of art.

The "other tickets" category is the third most important source of earnings. It includes income from selling tickets to student groups as well as income from performances of other groups, the proceeds of which are usually split with the host theatre.

Table 22 **Average earned income of thirty larger nonprofit theatres between 1965-66 and 1973-74**

Performance income	1965-66		1967-68		1970-71	
Subscription tickets	$ 28,992	29.9%	$150,384	34.2%	$168,654	35.8%
Single and block tickets	$127,238	42.8%	$146,212	33.3%	$172,472	36.7%
Other tickets	$ 45,698	15.4%	$ 52,058	11.8%	$ 76,089	16.2%
Services	$ 11,824	4.0%	$ 51,624	11.7%	$ 17,376	3.7%
Recordings, films, and radio and TV	$ 158	*	$ 252	0.1%	$ 118	*
Total	$213,910	92.1%	$400,530	91.1%	$434,709	92.4%
Nonperformance income	$ 23,456	7.9%	$ 39,270	8.9%	$ 35,646	7.6%
Grand total	$237,366	100.0%	$439,800	100.0%	$470,355	100.0%

*Less than 0.1%

The "nonperformance income" category includes income from visiting individuals or groups that use the theatre facilities and pay a rental fee, receipts from the sale of sets, miscellaneous interest and dividends, concessions, program and advertising, and coat-check income. This auxiliary income has been growing faster than box office sales of tickets and its contribution to total earnings has been increasing.

Income from tickets has kept pace with increasing costs. This was achieved by raising ticket prices and extending seasons. During the 1970s, earned income has accounted for a nearly constant share of operating expenditures. In other words, in spite of the pressures of "cost disease," an important segment of the nonprofit theatre has managed the feat of increasing earned income at the same rate as its rapidly rising budgets.

Table 23 **Annual rates of increase in earned income of thirty larger nonprofit theatres 1965 to 1974**

Subscription tickets	10.7%
Single and block tickets	3.4%
Other tickets	6.7%
Services	10.7%
Recordings, films, and radio and TV	23.3%
Nonperformance income	9.9%

1971-72		1972-73		1973-74	
$180,220	37.5%	$229,781	40.7%	$226,912	39.0%
$145,239	30.3%	$169,540	30.0%	$172,341	29.6%
$ 66,749	13.9%	$ 73,197	12.9%	$ 77,568	13.3%
$ 42,281	8.8%	$ 38,839	6.9%	$ 43,949	7.5%
$ 1,097	0.2%	$ 639	0.1%	$ 1,122	0.2%
$435,586	90.7%	$551,996	90.6%	$521,892	89.6%
$ 44,745	9.3%	$ 53,132	9.4%	$ 60,616	10.4%
$480,331	100.0%	$565,128	100.0%	$582,508	100.0%

Figure XI

Sources of private support for thirty larger nonprofit theatres between 1965-66 and 1976-77

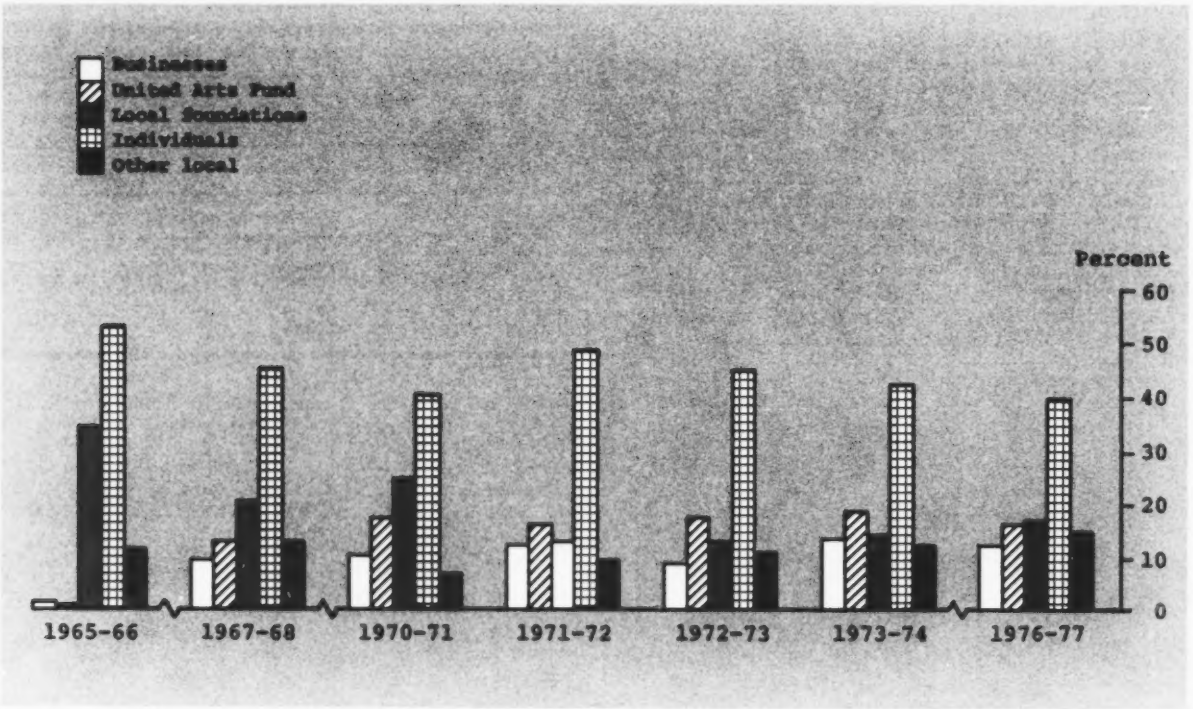
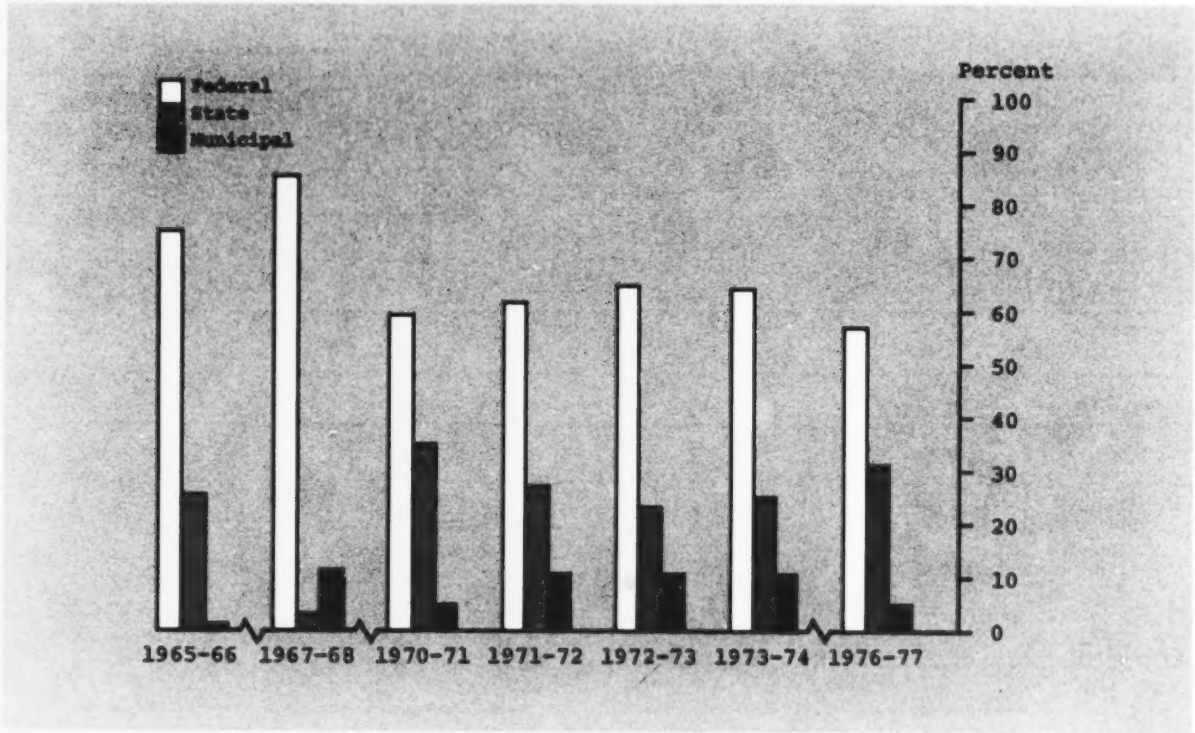


Figure XII **Sources of public support for thirty larger nonprofit theatres between 1965-66 and 1976-77**



Unearned income. Contributions to the larger nonprofit theatres in the 1976-77 sample amounted to approximately $21.5 million. Between 1965 and 1977, total contributions have been increasing at an annual rate of 13.4 percent, and in 1976-77 accounted for 5 to 80 percent of total income of these theatres. The main sources of contributions are private (business and individual), public (federal, state, and municipal), and such foundations as Ford and Rockefeller (see Figures XI and XII).

Table 24 (following) reports contributions in dollars and as percent of total unearned income for 30 theatres. Based on this data the rates of annual increase of the total contributions have been 13.8 percent for the private sector, 24.6 percent for the public sector, and 13.8 percent for the foundations between 1965 and 1974. However, when data on the 1976-77 period were included in the calculation, annual rates of increase were somewhat lower—12.6 percent for the private sector, 22.7 percent for the public sector, and 4.7 percent for foundations.

Although public contributions are increasing at a faster rate than private ones, the latter still contribute the greater share by far. In the 1973-74 fiscal year private and foundation sources contributed $7.3 million (72.2 percent of total grants) to these 30 theatres, while contributions amounted to approximately $2.8 million (27.1 percent). In the 1976-77 fiscal year the private sector and foundation support were a combined 65.3 percent of total contributions but the public sector increased its share of contributions to 34.7 percent.

Foundations increased their contributions by 44.2 percent between 1970 and 1974, but 24 percent of the increase since 1971 is the Ford Foundation's cash reserve fund. (This program provides money for the liquidation of 50 percent of a theatre's net incurred liabilities after the other 50 percent has been liquidated within a specified period. Each fiscal year of the grant period, usually five years, must be completed in a net current position. The money is given on an installment basis for a revolv-

Table 24 **Sources of public and private support for thirty larger nonprofit theatres between 1965-66 and 1976-77**

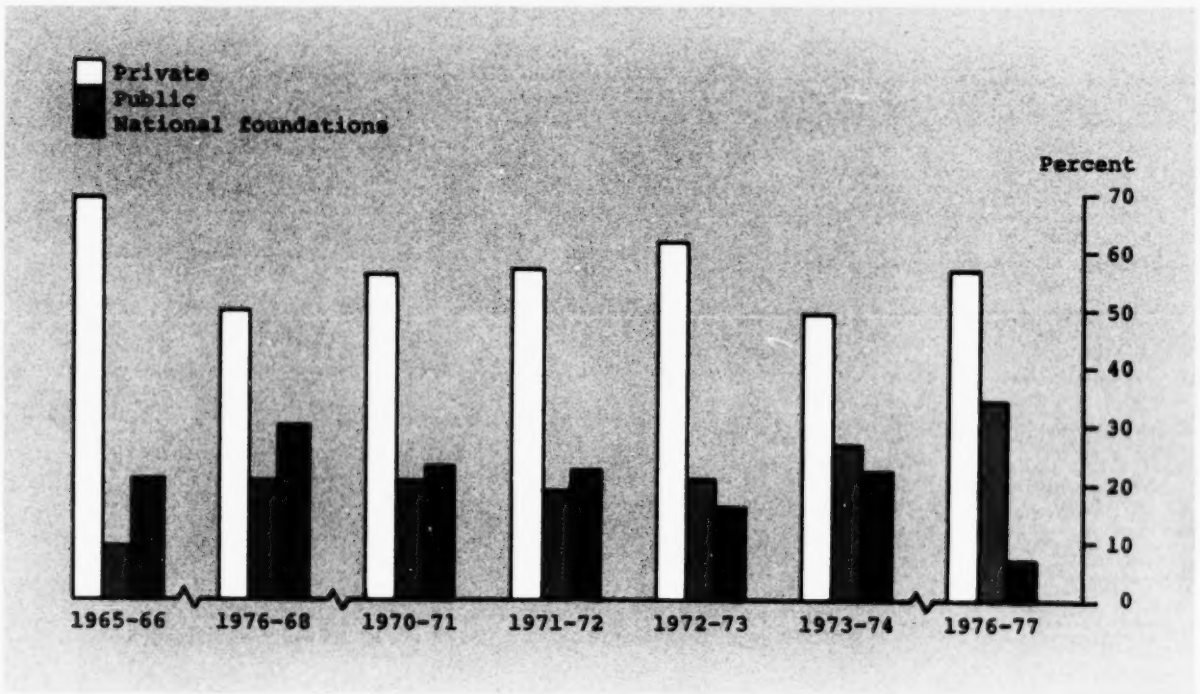
	1965-66		1967-68		1970-71	
Public						
Federal	$ 196,768	74.3%	$ 941,791	85.1%	$ 858,223	59.6%
State	$ 65,608	24.8%	$ 39,302	3.5%	$ 513,605	35.7%
Municipal	$ 2,500	0.9%	$ 126,000	11.4%	$ 68,175	4.7%
Total	$ 264,876	100.0%	$1,107,093	100.0%	$1,440,003	100.0%
Percent of grand total	---	9.7%	---	20.8%	---	21.0%
Private						
Business	$ 30,290	1.6%	$ 226,932	8.7%	$ 408,540	10.6%
United Arts Fund	$ 7,000	0.4%	$ 330,160	12.7%	$ 653,576	17.0%
Local	$ 643,636	34.1%	$ 528,288	20.3%	$ 930,779	24.2%
Other local	$ 201,607	10.7%	$ 325,793	12.5%	$ 290,143	7.6%
Individual	$1,005,168	53.2%	$1,194,904	45.8%	$1,563,007	40.6%
Total	$1,887,701	100.0%	$2,606,077	100.0%	$3,846,045	100.0%
Percent of grand total	---	69.1%	---	48.8%	---	56.1%
National foundations	$ 578,130	100.0%	$1,599,753	100.0%	$1,567,287	100.0%
Percent of grand total	---	21.1%	---	30.0%	---	22.9%
Corpus earnings	$ 1,782	100.0%	$ 22,550	100.0%	$ 3,405	100.0%
Percent of grand total	---	0.1%	---	0.4%	---	*
Grand total	$2,732,489	100.0%	$5,335,473	100.0%	$6,856,740	100.0%

*Less than 0.1%

1971-72		1972-73		1973-74		1976-77	
$ 934,127	61.4%	$1,342,140	65.8%	$ 1,763,704	64.0%	$ 2,578,075	57.7%
$ 424,364	27.9%	$ 485,250	23.8%	$ 682,410	24.8%	$ 1,409,536	31.6%
$ 162,901	10.7%	$ 212,448	10.4%	$ 308,450	11.2%	$ 478,620	10.7%
$1,521,392	100.0%	$2,039,838	100.0%	$ 2,754,564	100.0%	$ 4,466,231	100.0%
---	19.5%	---	20.9%	---	27.1%	---	34.7%
$ 551,288	12.4%	$ 551,751	9.1%	$ 654,535	12.9%	$ 894,438	12.0%
$ 715,021	16.0%	$1,088,456	17.9%	$ 941,638	18.5%	$ 1,186,729	16.0%
$ 575,187	12.9%	$ 816,470	13.4%	$ 730,109	14.4%	$ 1,307,681	17.6%
$ 429,503	9.6%	$ 673,756	11.1%	$ 631,359	12.4%	$ 1,111,775	15.0%
$2,194,130	49.1%	$2,943,806	48.5%	$ 2,126,076	41.8%	$ 2,934,517	39.4%
$4,465,129	100.0%	$6,074,239	100.0%	$ 5,083,717	100.0%	$ 7,435,140	100.0%
---	57.3%	---	62.4%	---	50.0%	---	57.8%
$1,808,668	100.0%	$1,602,178	100.0%	$ 2,260,385	100.0%	$ 965,033	100.0%
---	23.2%	---	16.4%	---	22.2%	---	7.5%
$ 3,518	100.0%	$ 25,882	100.0%	$ 74,133	100.0%	N.A.	N.A.
---	*	---	0.3%	---	0.7%	---	N.A.
$7,798,707	100.0%	$9,742,137	100.0%	$10,172,799	100.0%	$12,866,404	100.0%

*Less than 0.1%

Figure XIII **Public and private support for thirty larger nonprofit theatres as a percent of operating expenditures between 1965-66 and 1976-77**



ing cash fund from which operating expenses must be paid until the earned income comes in. In order to receive funds for the next fiscal year, the theatre must replace all withdrawn funds. If these terms are met, the revolving fund may be kept by the theatre as unrestricted capital reserve.) The reported contributions of foundations have declined by approximately 43 percent since 1973. Considering the rate of inflation since then, foundations have not kept up with their previous commitment to the theatre. Reasons for diminishing support by foundations since the 1970s are to be found in their shrinking stock portfolios and, perhaps, in a change of priorities.

Finally, it is clear that the larger nonprofit theatres have become increasingly dependent upon public sources for their unearned income. Since 1965 this has risen from less than 3 percent of total operating expenditures to more than 10 percent. Total private contributions, which rose in the mid-1960s, then declined to about 20 percent. Figure XIII shows the relationship between public and private support.

Many of the smaller nonprofit theatres are developmental theatres. They specialize in producing new plays, in experimenting with new ideas and approaches, and in offering a testing ground for performers, writers, directors, and designers. In the last few years there has been an explosion in developmental activity all around the nation.

There are common themes expressed by the directors of developmental theatres: "support and development of new playwriting talent," "audience development," and "promotion of theatrical talent in general." However, there is great diversity in their approach: "re-interpretation of classics," "ethnic or racial groups' consciousness raising," "civil liberties advocacy," and "criticism of economic and social norms." Whatever the message, there is a desire for the new, the unconventional, the experimental. In one sense the developmental theatres are a research laboratory from which ideas, talent, and plays find their way into commercial theatres and other nonprofit theatres. Because of the informality and the opportunity for new ideas that many of these theatres offer, some well-known artists seek them out. If the developmental theatre is under a showcase code, artists as well as newcomers in the profession may perform without receiving any remuneration. A showcase arrangement with Actors' Equity Association allows theatres to have up to 12 performances without being obliged to pay minimum salary requirements. These arrangements are imposed and not negotiated, and certain variations of this code may allow more performances under specified conditions.

Approximately 620 smaller nonprofit theatres were operating during 1976-77. Complete budget information was obtained on a sample of 113 theatres. (The data were obtained from the Ford Foundation, National Endowment for the Arts, and New York State Council on the Arts.) The majority had budgets in the vicinity of $100,000 during the 1976-77 fiscal year, with a handful exceeding $300,000. Budgets over $250,000 were included for theatres classified as "developmental" by the Arts Endowment. (The highest budget in the sample of developmental theatres is $750,000, which is considered a statistical outlier in this report.) On the other hand, there were theatres with budgets of less than $10,000, and one with as little as $3,000, and these are treated separately.

Income and expenditures of 113 developmental theatres are given in Table 25. In terms of individual theatres, 44 (approximately 39 percent of the sample) had deficits in amounts ranging from $8 to $104,500; 42 of these had deficits of less than $25,000, one had a deficit of $49,000 and another of $104,500. As a percent of the total budget of individual theatres, the deficits ranged from 0.3 percent to 54 percent. The median deficit is 6.7 percent. Of the remaining theatres, 44 (39 percent) had balanced budgets and 25 theatres (or 22 percent of the sample) had surpluses. The surpluses ranged from $200 to $25,346 (0.2 percent to 81.5 percent of total expenditures) and totaled $150,826 or 1.3 percent of total operating expenditures.

Table 25 **Income and expenditures of 113 developmental theatres 1976-77**

Earned income	$ 5,264,313	45.8%
Unearned income	$ 5,934,258	51.6%
Total	$11,198,571	97.4%
Total expenditures	$11,501,586	100.0%
Surplus or (deficit)	($ 303,015)	(2.6%)

Budgets

The general conditions that influence the budgets of smaller nonprofit theatres are more or less the same as for larger nonprofit theatres. There are, however, certain features peculiar to the nature of the smaller theatres which may affect their income or expenditures.

One such feature is the Actors' Equity Association showcase code, previously mentioned, which allows for special provisions for theatres. The benefit and particular advantage of this scheme is that smaller theatres with minute budgets can keep costs down. However, if a showcase production happens to be very successful, the producing theatre must always forego the opportunity to take advantage of its success. Moreover, limited performances for a given show may result in boosting costs other than performers' salaries.

Another important feature of the developmental theatre is that frequently there is at least one playwright in residence. A theatre with a resident playwright contributes greatly to the development of talent. However, this involves additional costs for these theatres, while the expected or derived benefits are often shared by nonprofit and commercial theatres and by the movies and TV.

A typical policy of the smaller theatres is very low-priced tickets, wide discounts, and occasional free admissions. This means that the theatre is more accessible to the public, but it also means the theatre must rely even more heavily on contributions, or unearned income, than the larger nonprofit theatre (compare Table 16 and Table 25).

Some smaller theatres cater to the tastes and needs of special segments of the population, such as industrial workers, women, or certain ethnic groups. Although speci-

Table 27 **Average income and expenditures of fourteen larger developmental theatres between 1972-73 and 1976-77**

Season	Earned income		Unearned income		Total income		Total operating expenditures
1972-73	$45,927	53.1%	$40,555	46.9%	$ 86,482	100.0%	$ 80,173
1973-74	$23,699	35.3%	$43,474	64.7%	$ 67,173	100.0%	$ 80,592
1974-75	$40,925	40.8%	$59,297	59.2%	$100,222	100.0%	$105,209
1976-77	$62,259	50.9%	$60,007	49.1%	$122,266	100.0%	$129,943

Table 28 **Average income and expenditures of sixteen smaller developmental theatres 1972-73 and 1976-77**

Season	Earned income		Unearned income		Total income		Total operating expenditures
1972-73	$15,063	38.7%	$23,829	61.3%	$38,892	100.0%	$33,556
1976-77	$23,692	34.6%	$44,715	65.4%	$68,407	100.0%	$70,113

fic audience development may be easier to accomplish than more general development, the lack of diversity inhibits the ultimate size of the audience, and thus box-office income prospects are reduced.

A factor that may affect the finances of smaller theatres is the experimental, socially challenging, and avant-garde material that certain theatres present. Such uncommon material often may not easily attract funding sources, especially from the private sector. The main source of funding for developmental theatres is public support.

Because developmental theatres are born of an artistic impulse, funds are usually scarce and voluntary services are the main resource. As artistic credentials are established, earnings, contributions, and costs increase. The scarcer the funds at the start, the more erratic their rates of increase. This causes further wariness on the part of prospective institutional contributors. When the developmental theatres reach budget levels in the vicinity of $100,000, the erratic movements of their budgets seem to subside.

Surplus or (deficit)	Percent of earned income to total operating expenditures	Percent of unearned income to total operating expenditures
$ 6,309	57.3%	50.6%
($13,419)	29.4%	53.9%
($ 4,987)	38.9%	56.4%
($ 7,677)	47.9%	46.2%

Surplus or (deficit)	Percent of earned income to total operating expenditures	Percent of unearned income to total operating expenditures
$5,336	44.9%	71.0%
($1,706)	33.8%	63.8%

Table 26 **Annual rates of increase in income and expenditures of thirty developmental theatres between 1972 and 1977**

	14 theatres 1972-77	16 theatres 1972-73 and 1976-77
Earned income	13.2%	11.3%
Unearned income	10.6%	15.7%
Total income	11.5%	14.1%
Operating expenditures	13.2%	18.4%

The sample group of 113 developmental theatres is divided into the New York City group (43 theatres) and the regional group (70 theatres). The regional group had no deficit, on the average, and a greater percentage of earned income to total expenditures. The relatively heavy reliance by both groups on contributions is one result of the developmental nature of their work, which usually means relatively low box-office earnings.

Table 26 shows the rates of annual increase of income and operating expenditures for developmental theatres, while Table 27 and 28 provide information on the relationship between income and expenditures. An increase in earned income can be seen for the five-year period between 1972-73 and 1976-77. Operating expenditures for the larger developmental theatres have increased at 13.2 percent (as has earned income) while unearned income (10.6 percent) and total income (11.5 percent) have increased more slowly. Expenditures for the 16 smaller developmental theatres increased more rapidly than all forms of revenue.

There are two qualifications regarding these rates of increase; the data extend over a few years, and the theatres which have been grouped together are not particularly homogeneous. When the two groups of developmental theatres were disaggregated into smaller budget ranges, substantial differences in growth rates were found. In general, the smaller the budget the higher the rates of increase for earned income, contributions, and expenditures.

Table 29

Average expenditures of three developmental theatres with 1971-72 budgets under $10,000 — 1971 to 1976

Salary costs	1971		1972		1973	
Artistic	$6,850	73.5%	$ 5,762	43.1%	$28,465	55.8%
Production/technical	$ 500	5.4%	$ 1,730	12.9%	$ 2,777	5.4%
Fringe benefits	---	---	---	---	---	---
Administrative	---	---	$ 264	2.0%	$ 5,000	9.8%
Nonsalary costs						
Departmental	$ 950	10.2%	$ 637	4.8%	$ 2,909	5.7%
Facilities and related costs	$ 400	4.3%	$ 2,170	16.2%	$ 3,181	6.2%
Transportation and travel	---	---	$ 661	4.9%	$ 4,352	8.5%
Promotion	$ 150	1.6%	$ 738	5.5%	$ 1,474	2.9%
Royalties	---	---	---	---	---	---
Educational expenses	---	---	$ 300	2.2%	$ 1,688	3.3%
Fees	---	---	$ 278	2.1%	$ 425	0.8%
Other	$ 466	5.0%	$ 827	6.2%	$ 775	1.5%
Total	$9,316	100.0%	$13,367	100.0%	$51,046	100.0%

1974		1975		1976	
$31,787	44.6%	$22,779	36.9%	$ 41,522	40.4%
$ 4,940	6.9%	$ 3,500	5.7%	$ 6,500	6.3%
---	---	$ 3,688	6.0%	$ 4,785	4.7%
$12,200	17.1%	$10,450	16.9%	$ 17,150	16.7%
$ 3,622	5.1%	$ 4,616	7.5%	$ 6,190	6.0%
$ 4,124	5.8%	$ 4,066	6.6%	$ 9,000	8.8%
$ 5,916	8.3%	$ 5,174	8.4%	$ 4,167	4.1%
$ 2,062	3.0%	$ 3,414	5.5%	$ 7,633	7.4%
---	---	---	---	$ 1,200	1.2%
$ 3,750	5.3%	---	---	---	---
$ 930	1.3%	$ 2,645	4.3%	$ 3,417	3.3%
$ 1,910	2.7%	$ 1,423	2.3%	$ 1,277	1.2%
$71,241	100.0%	$61,755	100.0%	$102,841	100.0%

Budget Shares

As with the larger nonprofit theatres, there was difficulty in deciphering the financial statements of individual developmental theatres with regard to specific expenses. These limitations meant smaller samples were necessary in order to report individual cost items with consistency. Smaller samples had the advantage of limited budget ranges which are important in analyzing the data. The smaller the budget, the greater the impact that even a few thousand dollars can have in budget allocation. Table 29 and Tables 30, 31, 32, and 33 (following pages) illustrate the average expenditures of 10 developmental theatres according to budget size.

Table 30

Average expenditures of two developmental theatres with 1971-72 budgets of $10,000-$25,000 — 1971 to 1976

	1971		1972		1973	
Salaries	$ 8,558	37.2%	$11,075	39.4%	$13,301	51.9%
Fringe benefits	$ 477	2.1%	$ 476	1.7%	$ 573	2.0%
Departmental	$ 2,282	9.9%	$ 1,270	4.5%	$ 1,926	7.5%
Facilities and related costs	$ 2,873	12.5%	$ 4,910	17.5%	$ 3,103	12.1%
Transportation and travel	$ 3,403	14.8%	$ 4,800	17.1%	$ 923	3.6%
Promotion	$ 1,291	5.6%	$ 2,037	7.2%	$ 1,383	5.4%
Royalties	$ 110	0.5%	$ 152	0.5%	$ 72	0.3%
Educational expenses	---	---	---	---	---	---
Fees	$ 680	3.0%	$ 750	2.7%	$ 490	1.9%
Other	$ 3,322	14.4%	$ 2,645	9.4%	$ 3,880	15.1%
Total	$22,996	100.0%	$28,115	100.0%	$25,651	100.0%

1974		1975		1976	
$14,342	39.1%	$23,559	48.1%	$39,058	59.0%
$ 599	1.6%	$ 2,150	4.4%	$ 1,213	1.8%
$ 6,409	17.5%	$ 6,149	12.6%	$ 5,250	7.9%
$ 5,391	14.7%	$ 5,912	12.1%	$ 5,538	8.4%
$ 4,701	12.8%	$ 3,909	8.0%	$ 6,250	9.4%
$ 1,245	3.4%	$ 1,626	3.3%	$ 3,380	5.0%
$ 119	0.3%	$ ---	---	---	---
---	---	---	---	---	---
$ 398	1.1%	$ 1,478	3.0%	$ 1,500	2.3%
$ 3,436	9.4%	$ 4,148	8.5%	$ 3,988	6.0%
$36,640	100.0%	$48,931	100.0%	$66,177	100.0%

Table 31 **Average expenditures of three developmental theatres with 1971-72 budgets of $50,000-$80,000 — 1971 to 1976**

Salary costs	1971		1972		1973	
Artistic	$15,830	21.8%	$13,696	19.8%	$24,204	30.4%
Production/ technical	$ 5,611	7.7%	$ 5,919	8.6%	$ 4,010	5.0%
Fringe benefits	$ 5,177	7.1%	$ 4,910	7.1%	$ 5,892	7.4%
Administrative	$ 6,897	9.5%	$ 7,713	11.2%	$ 7,570	9.5%
Nonsalary costs						
Departmental	$ 7,730	10.7%	$ 6,352	9.2%	$ 5,596	7.0%
Facilities and related costs	$ 9,343	12.9%	$ 9,386	13.6%	$10,320	13.0%
Transportation and travel	$ 1,913	2.6%	$ 3,868	5.6%	$ 6,595	8.3%
Promotion	$ 5,770	8.0%	$ 4,786	6.9%	$ 3,751	4.7%
Royalties	---	---	---	---	$ 2,250	2.8%
Educational expenses	---	---	---	---	---	---
Fees	$ 1,178	1.6%	$ 1,935	2.8%	$ 2,920	3.7%
Other	$13,038	18.0%	$10,551	15.3%	$ 6,505	8.2%
Total	$72,487	100.0	$69,116	100.0%	$79,613	100.0%

1974		1975		1976	
$21,563	25.8%	$ 30,000	29.6%	$ 36,800	28.2%
$ 4,638	5.6%	$ 6,367	6.3%	$ 5,250	4.0%
$ 2,972	3.6%	$ 4,825	4.8%	$ 7,993	6.1%
$ 9,694	11.6%	$ 11,000	10.8%	$ 17,750	13.6%
$ 9,762	11.7%	$ 7,000	6.9%	$ 12,600	9.7%
$11,563	13.9%	$ 13,200	13.0%	$ 14,426	11.1%
$ 2,711	3.2%	$ 8,900	8.8%	$ 9,563	7.3%
$ 6,861	8.2%	$ 7,667	7.6%	$ 11,559	8.9%
$ 1,047	1.3%	$ 1,000	1.0%	$ 1,824	1.4%
$ 1,547	1.9%	$ 1,500	1.5%	---	---
$ 2,347	2.8%	$ 2,800	2.8%	$ 2,703	2.1%
$ 8,765	10.5%	$ 7,150	7.1%	$ 9,959	7.6%
$83,470	100.0%	$101,409	100.0%	$130,427	100.0%

Table 32

Average expenditures of two developmental theatres with 1971-72 budgets of $100,000-$150,000 — 1971 to 1976

	1971		1972		1973	
Salary costs						
Artistic	$ 61,334	51.2%	$ 61,365	49.1%	$ 88,105	50.3%
Production/ technical	$ 7,693	6.4%	$ 8,536	6.8%	$ 11,012	6.3%
Fringe benefits	$ 7,244	6.0%	$ 8,380	6.7%	$ 9,070	5.2%
Administrative	$ 7,957	6.6%	$ 9,113	7.3%	$ 15,251	8.7%
Nonsalary costs						
Departmental	$ 8,062	6.7%	$ 5,238	4.2%	$ 9,594	5.5%
Facilities and related costs	$ 3,741	3.1%	$ 7,968	6.4%	$ 7,961	4.5%
Transportation and travel	$ 11,149	9.3%	$ 9,763	7.8%	$ 8,641	4.9%
Promotion	$ 6,208	5.2%	$ 6,274	5.0%	$ 13,515	7.7%
Royalties	—	—	$ 1,416	1.1%	$ 3,540	2.0%
Educational expenses	—	—	$ 3,094	2.5%	$ 2,528	1.4%
Fees	$ 5,243	4.4%	$ 2,954	2.4%	$ 2,786	1.6%
Other	$ 1,158	1.0%	$ 872	0.7%	$ 3,254	1.9%
Total	$119,789	100.0%	$124,973	100.0%	$175,257	100.0%

1974		1975		1976	
$ 80,494	40.8%	$ 81,182	40.1%	$ 65,744	38.0%
$ 11,965	6.1%	$ 7,182	3.6%	$ 9,740	5.6%
$ 11,574	5.9%	$ 12,203	6.0%	$ 11,584	6.7%
$ 24,670	12.5%	$ 31,421	15.5%	$ 29,838	17.3%
$ 11,572	5.9%	$ 10,813	5.3%	$ 7,523	4.3%
$ 13,757	7.0%	$ 10,242	5.1%	$ 9,458	5.5%
$ 14,862	7.5%	$ 25,025	12.4%	$ 17,610	10.2%
$ 11,793	6.0%	$ 13,620	6.7%	$ 10,421	6.0%
$ 5,200	2.6%	$ 2,304	1.1%	$ 2,941	1.7%
$ 3,600	1.8%	---	---	$ 210	0.1%
$ 5,850	3.0%	$ 7,063	3.5%	$ 5,795	3.4%
$ 1,738	0.9%	$ 1,146	1.6%	$ 2,104	1.2%
$197,075	100.0%	$202,201	100.0%	$172,968	100.0%

Of the 5 theatres under $25,000 in 1971-72, salaries comprise the largest item of the budget and gain steadily between 1971 and 1976.

Of the 5 theatres with budgets over $50,000, the annual rates of increase of individual items seem to be substantially different for the 2 budget ranges, although some items (salaries, facilities, promotion) increase faster than others in both ranges. The average increase for these 5 theatres is close to 10 percent yearly.

In order to gain a more comprehensive view, the expenditures of the 5 larger theatres were combined for the years 1971-72 and 1976-77 and the budget shares of individual items were estimated. One important shift in the budget shares was seen. Although the total salary share remained almost constant (54.7 percent in 1971 versus 54.4 percent in 1976), individual salary categories changed. The proportion of artistic salaries decreased to the same degree that administrative salaries increased. Administrative salaries reported by the 5 theatres for 1971-72 were modest in both ab-

Table 33 **Annual rates of increase in expenditures of five developmental theatres 1971 to 1976**

Salary	3 theatres with budgets of $50,000-$80,000	2 theatres with budgets of $100,000-$150,000
Artistic	18.40%	3.1%
Production/technical	.09%	2.1%
Fringe benefits	4.10%	10.6%
Administrative	17.30%	30.9%
Nonsalary		
Departmental	9.40%	5.8%
Facilities and related costs	9.50%	17.0%
Transportation and travel	27.60%	16.0%
Promotion	15.70%	13.7%
Fees	14.00%	11.0%
Other	6.30%	9.0%
Total	11.80%	9.7%

Table 34 **Average expenditures of New York City, regional and ethnic developmental theatres 1976-77**

Salary	New York City 8 theatres with budgets of $19,000-$50,000		New York City 13 theatres with budgets of $50,000-$110,000		New York City 3 theatres with budgets of $240,000-$300,000	
Artistic	$13,128	31.8%	$25,720	30.9%	$ 80,295	27.4%
Production/ technical	$ 4,326	10.5%	$ 7,630	9.2%	$ 18,038	6.1%
Fringe benefits	$ 2,214	5.4%	$ 3,538	4.2%	$ 15,345	5.2%
Administrative	$ 4,464	10.8%	$ 9,056	10.9%	$ 38,102	13.0%
Nonsalary						
Departmental	$ 2,901	7.0%	$ 7,664	9.2%	$ 21,850	7.4%
Facilities and related costs	$ 6,046	14.6%	$ 9,902	11.9%	$ 39,133	13.3%
Transportation and travel	$ 883	2.1%	$ 6,281	7.5%	$ 12,318	4.2%
Promotion	$ 3,902	9.4%	$ 5,711	6.9%	$ 35,467	12.1%
Royalties	$ 415	1.0%	$ 1,128	1.4%	$ 12,600	4.3%
Educational expenses	---	---	---	---	$ 4,000	1.4%
Fees	$ 1,190	2.9%	$ 3,263	3.9%	$ 5,150	1.8%
Other	$ 1,834	4.4%	$ 3,473	4.2%	$ 11,270	3.8%
Total	$41,303	100.0%	$83,366	100.0%	$293,568	100.0%

(table continued on following pages)

solute and in comparative terms. Whether all administrative costs were reported as such or incorporated into other categories is open to further investigation.

In addition to the data on trends in budget shares, budgets and individual expenditures were averaged for 54 developmental theatres in 1976-77. Table 34 depicts average expenditures and budget shares of 3 major groups: 24 theatres from New York City, 20 from the rest of the country (regional), and 10 characterized as "ethnic." Each group is divided by budget size.

Budget shares seem to be comparable among the various groups. The predominant item in all the budgets is artistic salaries, followed by administrative salaries and facilities. On the average, combined salary categories comprise over half the budget, with salaries of individual subgroups ranging from 34.8 to 57.4 percent of total expenditures. In comparing types of salaries, New York City artistic salaries have a greater share of the budget than the other 2 groups. On the average, the regional and ethnic theatres have higher administrative salaries.

Fringe benefits are a greater budget item in the New York City and the ethnic samples than in the regional sample. New York theatres also allocate a greater part of their budget for facilities than the other theatres. Promotion expenditures comprise similar budget shares among the various subgroups, with the exception of the ethnic group, which allocates less of its resources for this item.

Table 34 (continued)

Salary	Regional 9 theatres with budgets of $20,000-$60,000		Regional 7 theatres with budgets of $70,000-120,000		Regional 4 theatres with budgets of $200,000-$300,000	
Artistic	$ 7,730	17.4%	$ 32,111	29.3%	$ 87,596	34.0%
Production/ technical	$ 2,990	6.7%	$ 3,969	3.6%	$ 19,684	7.6%
Fringe benefits	$ 1,137	2.6%	$ 2,821	2.6%	$ 9,739	3.8%
Administrative	$ 4,732	10.7%	$ 18,785	17.1%	$ 40,586	15.8%
Nonsalary						
Departmental	$ 4,242	9.6%	$ 9,845	9.0%	$ 12,606	4.9%
Facilities and related costs	$ 7,640	17.2%	$ 11,211	10.2%	$ 20,650	8.0%
Transportation and travel	$ 1,886	4.3%	$ 6,363	5.8%	$ 17,581	6.8%
Promotion	$ 3,742	8.4%	$ 5,840	5.3%	$ 26,515	10.3%
Royalties	$ 4,160	9.4%	$ 2,120	1.9%	$ 3,540	1.4%
Educational expenses	$ 395	0.9%	$ 8,789	8.0%	$ 450	0.2%
Fees	$ 1,751	3.9%	$ 1,088	1.0%	$ 11,457	4.5%
Other	$ 3,927	8.9%	$ 6,714	6.1%	$ 7,010	2.7%
Total	$44,332	100.0%	$109,656	100.0%	$257,414	100.0%

Ethnic 4 theatres with budgets of $10,000-$70,000		Ethnic 6 theatres with budgets of $120,000-$300,000		Total of 54 theatres	
$12,897	28.4%	$ 54,402	29.3%	$ 313,879	29.6%
---	---	$ 13,748	7.4%	$ 70,377	6.6%
$ 3,723	8.2%	$ 9,859	5.3%	$ 48,376	4.5%
$12,497	27.5%	$ 30,421	16.4%	$ 158,643	15.0%
$ 2,667	5.9%	$ 8,079	4.3%	$ 70,854	6.7%
$ 3,983	8.8%	$ 20,168	10.8%	$ 118,731	11.2%
$ 1,250	2.8%	$ 17,870	9.6%	$ 64,432	6.1%
$ 1,725	3.8%	$ 6,655	3.6%	$ 89,557	8.4%
$ 1,350	3.0%	$ 2,433	1.3%	$ 27,746	2.6%
$ 3,500	7.7%	$ 2,680	1.4%	$ 19,794	1.9%
---	---	$ 4,291	2.3%	$ 28,190	2.7%
$ 1,832	4.0%	$ 14,334	7.7%	$ 50,394	4.7%
$45,424	100.0%	$185,910	100.0%	$1,060,973	100.0%

Revenues

The average revenues of smaller nonprofit theatres are comprised of almost equal shares of earned income and contributions. In a 1976-77 sample of 115 theatres, earned income ranged from 0 to 90 percent of total income. Only two theatres were completely dependent on contributions; their total expenditures were $100,000 and contributions covered only 70 percent of their budgets. Twenty-six of the 115 theatres earned more than 40 percent of their income. Only 8 theatres earned less than 10 percent.

Earned income. The major sources of earned income for the smaller nonprofit theatres are box office receipts, performing fees, and touring fees. In addition, they report payments received for services rendered to the community in the form of tuition, workshop fees, and seminar revenues. Further, there is income from royalties (usually a very small percent of total earned income), booksales, interest, space rentals, selling advertising space, renting costumes, and concessions. Often, performing fees (lump sum payments for a specified number of performances) are greater than box office receipts. For some theatres, seminar and workshop income constitutes a large part of total earned income and at times exceeds box office receipts.

Subscriptions seem to be a rather small source of income, especially for the smaller of these theatres. The total earned income of 24 theatres found to have subscription or special admissions programs was reported as $1,500,000 in 1976-77; the estimated combined income from subscriptions and admissions was $300,000, or 20 percent of their earned income. Although income derived from this source seems to be less than from single ticket sales, it is a growing item and several theatres are making efforts toward a more comprehensive subscription and admission policy.

Unearned income or contributions. Developmental theatres receive the bulk of their contributions from public sources, which have been increasing at a much faster rate than private sources, especially since 1970. Of 10 New York State developmental theatres the percent of private support has decreased from 40 percent in 1970-71 to less than 30 percent in 1975-76. During the same period support increased from just under 60 percent to 70 percent (Figure XIV).

To estimate the percent contributions of various government grants to total public support, samples were taken from the New York City area, the New York State area, the country excluding New York City, and 10 ethnic theatres from all over the country.

Figure XV (following) depicts the important role of state government in smaller theatre financing. Comparisons of 4 samples—New York City, New York State, national, and ethnic—show that in the national sample (which excludes the New York City theatres) the federal and state governments have almost equal shares. In the New York City sample the state is the main source of contributions. Still small but growing is the municipal involvement, especially for areas other than New York City. Of the groups sampled, the New York State theatres, followed by ethnic theatres, depend most heavily on public funding for their unearned income.

A similar analysis has been conducted for contributions from private sources and is illustrated in Figure XVI (following). Contributions from these sources account for approximately 50 percent of unearned income for the New York City and national theatres, 38 percent for ethnic theatres, and 30 percent for New York State theatres. Ethnic theatres seem to have the same range of earned and unearned income relationships as other developmental theatres. Government apparently contributes a greater part of their unearned income than it does for most of the other developmental theatres. However, the size of the sample does not permit drawing such definite conclusions.

Figure XIV Sources of public and private support for ten New York State developmental theatres 1970 to 1976

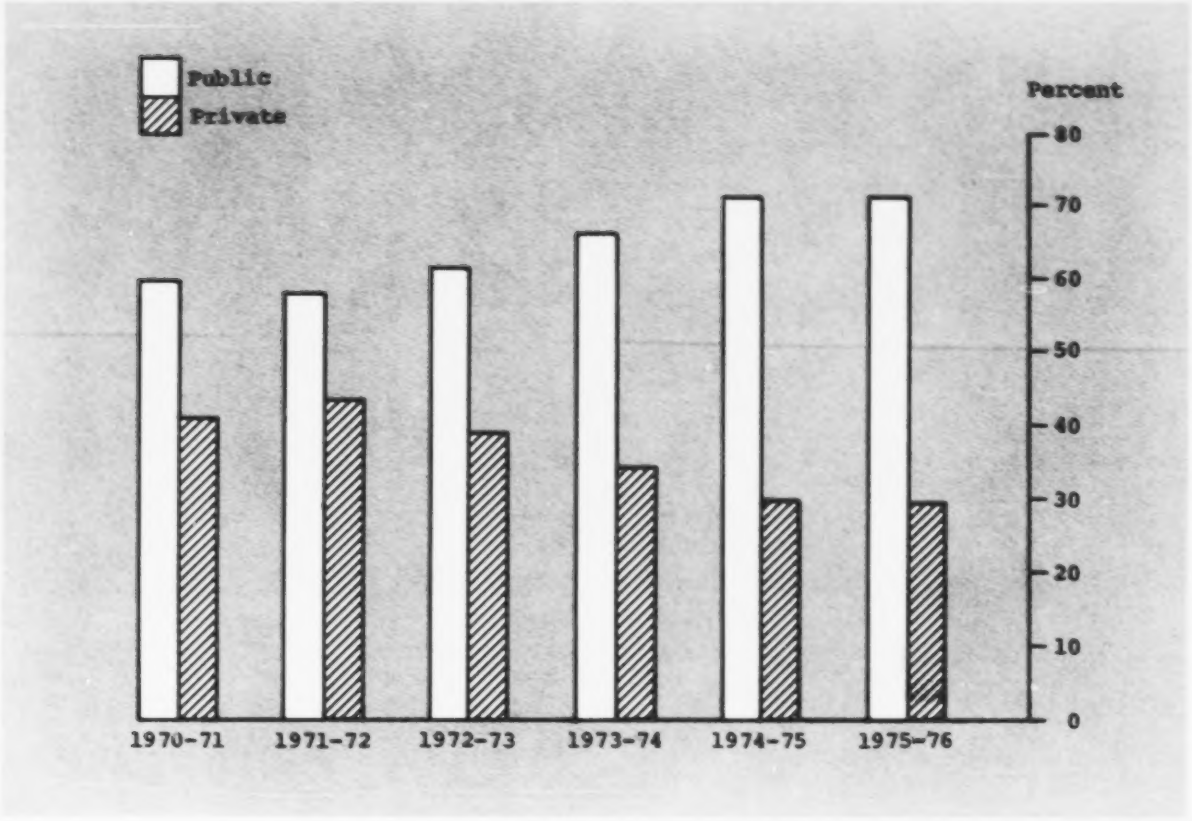


Figure XV **Sources of public support for fifty-four developmental theatres 1976-77**

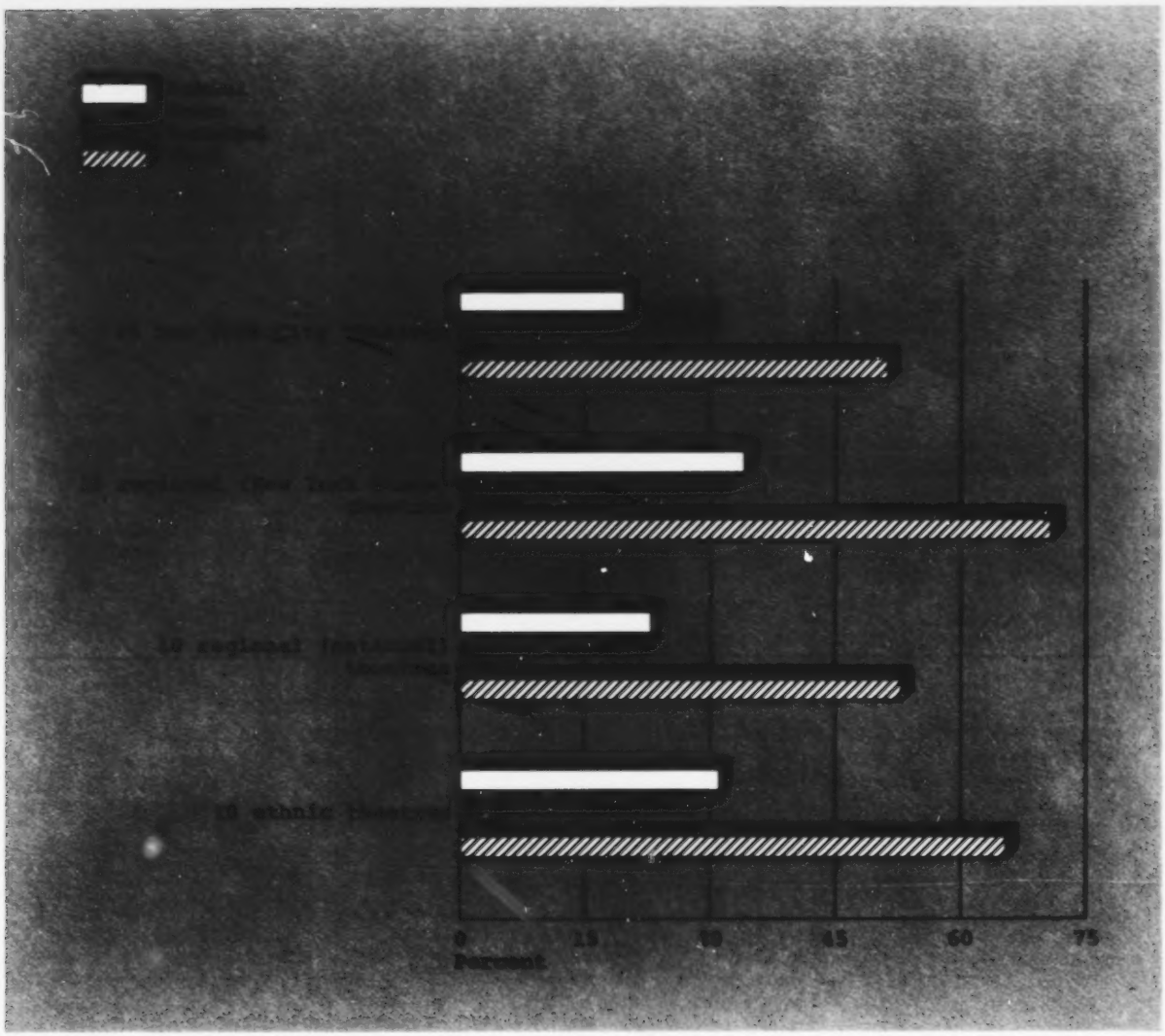
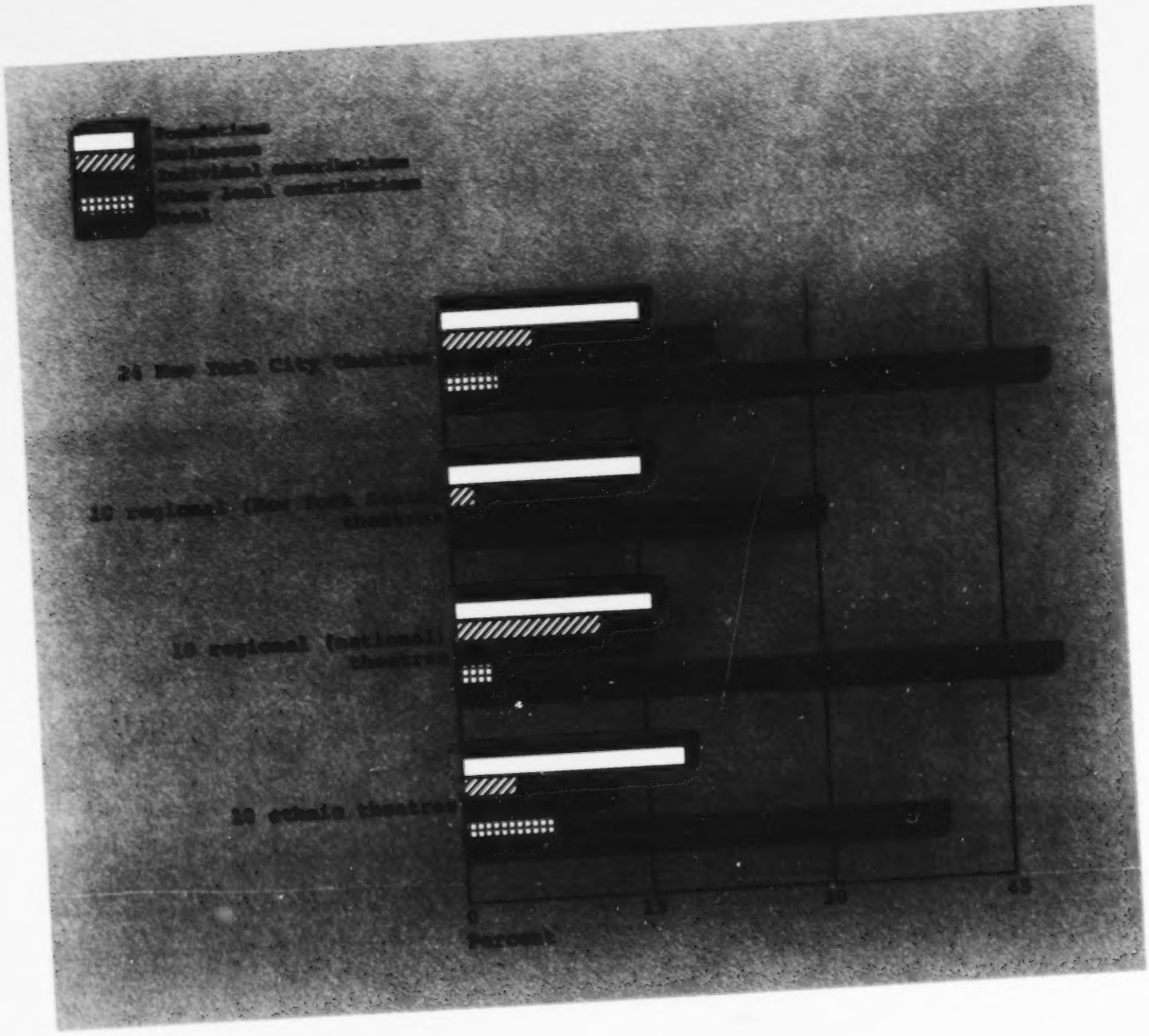


Figure XVI Sources of private support for fifty-four developmental theatres 1976-77



CHAPTER IV

THEATRE LABOR FORCE AND EMPLOYMENT

This chapter examines the economic conditions of the theatre labor force, which includes actors, ushers, doormen, stagehands, musicians, press agents, and managers. Data on employment, unemployment, and compensation are examined for only a few of many occupations. However, the patterns found in these occupations help in understanding the trends and conditions of the theatre labor force as a whole.

Perhaps the most striking trend is the increase in theatre artist union membership while membership in nonartist unions has remained stable (see Table 35). Actors' Equity Association membership, for example, increased at about 3 percent a year between 1961 and 1975. The civilian labor force

Table 35 **Union and association membership 1961 to 1976**

	Actors' Equity Association	American Federation of Musicians	American Federation of Television and Radio Artists	International Alliance of Theatrical Stage Employees and Motion Picture Machine Operators
1961	11,583	---	---	---
1962	12,146	281,949	15,000	61,037
1963	12,514	---	---	---
1964	12,740	275,254	16,780	60,546
1965	12,902	---	---	---
1966	13,511	252,487	18,250	62,160
1967	14,199	---	---	---
1968	14,504	283,155	23,000	60,000
1969	14,608	---	---	---
1970	14,841	300,000	24,000	63,000
1971	15,098	---	---	---
1972	15,866	315,000	23,714	62,000
1973	16,366	---	---	---
1974	16,856	330,000	26,917	61,471
1975	19,304	---	---	---
1976	---	---	---	---
Growth rate	3.05%	1.63%	4.86%	0.15%

increased by 2 percent and the general population by 1.6 percent in the same period. However, employment has not followed the same pattern as union membership. Between 1961 and 1975 Equity employment increased at an annual rate of 1.2 percent while United States employment increased at 1.9 percent. In short, the average member finds less employment in 1976 than in 1961.

There seems to be little employment security for theatre artists. In 1976 only 60 percent of the paid-up members of Equity worked under the Equity jurisdiction, and of these about half worked for less than 15 weeks.

Screen Actors' Guild	Association of Theatrical Press Agents and Managers	Dramatists' Guild
---	---	---
14,315	---	---
---	---	---
15,302	---	---
---	---	---
16,793	---	1,760
---	---	1,765
21,000	---	1,845
---	---	1,915
23,000	---	1,960
---	---	2,060
26,610	566	2,180
---	581	2,240
29,797	588	2,350
---	570	2,445
---	580	2,575
6.47%	0.3%	3.96%

Theatre employment for nonartists is much more secure. The average member of Stagehands Local No. 1 and the Association of Theatrical Press Agents and Managers worked more weeks than Equity members. These unions typically contract with continuing enterprises (theatre owners) rather than a particular production. Analysis of the amount of employment of Equity members by theatre type shows some high increases for dinner theatre and, far behind, large nonprofit theatre. Broadway and the road are down sharply.

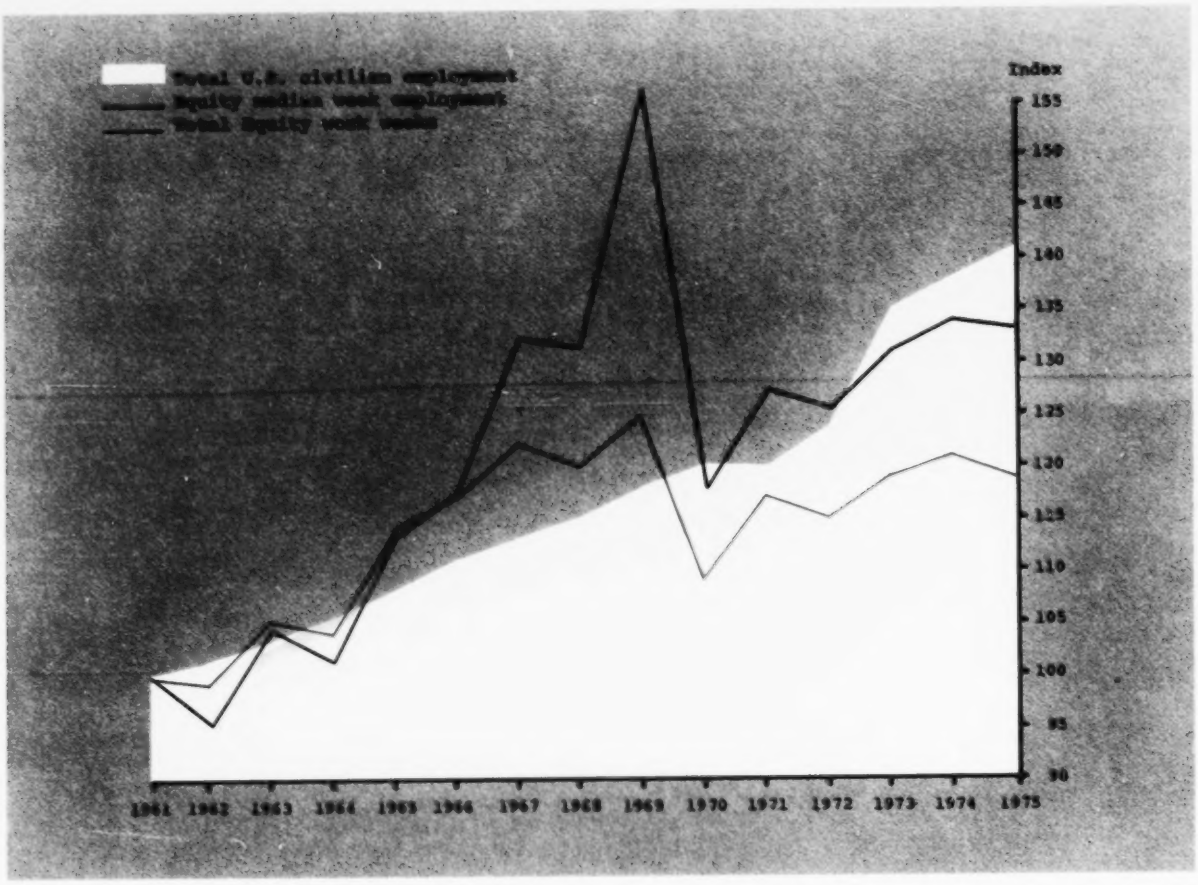
Minimum wage rates have kept pace with the cost of living and in some cases surpassed it between 1961 and 1975. It is possible for actors working in the theatre to make an adequate living. For example, an actor earning the current minimum wage for a full year would earn $18,460. This seldom happens. The annual incomes for theatre artists are typically quite low. From the 1970-71 season through 1976-77, among Equity members who worked at least once during the year, the median annual income was never more than $5,000. This is sobering when compared to the estimate that 40 percent of Equity members did not work at all. There is evidence, however, that some actors are part of households with other sources of income and that they themselves have additional nontheatre jobs.

No data are presented in this report on employment and earnings in the smaller, developmental theatres or the ethnic theatres, most of which do not operate under union contracts and which seldom keep data in a fashion convenient to reporting and analysis. It seems very likely that employment and earnings for these theatres are even lower than union figures.

LABOR FORCE

Data on the theatre labor force are based on union membership since this was the only systematic data dating from the 1960s. Union membership is a very different concept of the labor force than the Bureau of the Census definition used to determine unemployment rates. In the latter, the labor force is the number of individuals employed and actively seeking employment. Union members may or may not be so engaged. Some members of Actors' Equity Association work almost full-time in television or film. It seems reasonable to assume that most union members have vague aspirations or expectations of working in the theatre at some time. Union membership and employment provide rough indicators of trends and conditions in the labor market.

Figure XVII Actors' Equity Association and civilian employment 1961 to 1975



Actors' Equity Association

The most comprehensive labor force data available are for members of Actors' Equity Association (Equity), which represents a substantial portion of actors (and stage managers, chorus, and extras) working or seeking work in the professional theatre in America. The labor force data presented here include Canadian Equity up to 1975 since only the combined United States and Canada total is available. A rough estimate would be that Canada accounts for 10 percent of the total. Also, it should be noted that the data are for paid-up members; those who are not working are often not paid up although they may be seeking work.

Analysis of Equity's membership from 1961 to 1976 shows that paid-up membership has risen since 1961 at an average rate of approximately 3 percent a year. The index of the total United States civilian labor force, plotted for purposes of comparison, shows steady increases which are generally smaller than those in the Equity membership. The growth rate for the United States civilian labor force over the period is approximately 2 percent per year.

This pattern of rapid increases in the labor force of actors is certainly consistent with the evidence that professional theatre activity has increased in the country. On the other hand, it is surprising in view of the well-known, persistent insecurity of actors' employment. Evidently, the labor force of actors expands both rapidly and readily in response to theatrical expansion. It should be noted that Actors' Equity Association is a union open to anyone who obtains employment in an Equity jurisdiction.

Membership in Other Unions

Data on theatre association membership are shown in Table 35 and included are Actors' Equity Association (AEA), American Federation of Musicians (AFM), American Federation of Television and Radio Artists (AFTRA), International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators (IATSE), Screen Actors' Guild (SAG), Association of Theatrical Press Agents and Managers (ATPAM), and Dramatists' Guild (DG). These data show a consistent pattern of increase in membership of performing artists' unions, with the highest rate of increase for AFTRA and SAG; only AFM shows a low rate due to a fall in reported membership in the early 1960s. If, however, AFM's growth since the mid-1960s is examined, a substantial increase is seen at a rate of over 3 percent per year.

The pattern for IATSE and ATPAM, unions of nonperformers, is in marked contrast and memberships remained roughly constant over the entire period. This reflects the fact that it is difficult to become a member of IATSE and ATPAM. DG, which is not strictly speaking a union, had a substantial increase in membership.

People working in the theatre are frequently members of more than one union. A study by Ruttenberg, Friedman, Kilgallen, Gutchess & Associates, Inc. (Survey of Employment, Underemployment, and Unemployment in the Performing Arts, Washington, D.C.: American Federation of Labor-Congress of Industrial Organizations, 1977, revised 1978) provides data on the degree of overlapping membership of performing artists' unions. These data come from a survey of members of AEA, AFM, AFTRA, AGMA (American Guild of Musical Artists), and SAG.

The overlap between unions with jurisdictions in the theatres, radio and TV, and the movies is considerable. For members of AEA, 53.2 percent belong to AFTRA and 60.2 percent belong to SAG; for members of AFTRA, 32 percent belong to AEA and 53.9 percent belong to SAG; for SAG, 39 percent belong to AEA and 56.6 percent belong to AFTRA. This overlap means a great deal of interchange of personnel among these fields of employment.

The Ruttenberg study asked which was the principal union of employment for members belonging to more than one union and they found that AFM and AGMA had markedly higher frequency of positive response than did AEA, AFTRA, and SAG. This is additional indirect evidence that members of the latter unions expect to move and do move between theatre, the media, and motion pictures.

The Ruttenberg data shed some light on the relationship between union membership and the performing arts labor force. The percent of respondents considering the performing arts as their principal profession and who may be presumed to be seriously interested in employment in the performing arts is 80.5 percent for AEA members, 76.8 percent for AFTRA, 68.3 percent for SAG, 62.5 percent for AGMA, and 46.5 percent for AFM.

EMPLOYMENT

Actors

Most of the data presented in this section on employment in the theatre are from Equity members under Actors' Equity Association contracts. In addition, some data showing employment of members of other theatrical unions are presented. Two

different measures of Equity employment can be made: median week employment and total work weeks. Median week employment is determined by counting total number of members working during each week, arranging the weekly totals from highest to lowest, and taking the middle value. A work week represents one Actors' Equity Association member during any part of one week under Equity contract.

Overall trends. From the 1961-62 season through the 1975-76 season the median week employment and the total work weeks have increased more sporadically than the total United States civilian employment. (This is not in itself surprising since total civilian employment tends to average out cyclical swings that affect such individual sectors as the theatre.) Overall, median week employment has increased at 2.34 percent a year, faster than total civilian employment at 1.92 percent a year. The difference of about 0.4 percent between these two rates is somewhat smaller than the approximately 1.0 percent difference between the rate of increase for Equity membership and the total civilian labor force. Total Equity work weeks have increased at a rate of 1.22 percent a year, or more slowly than civilian employment.

The conclusion is that employment of Equity members has increased more slowly than both membership growth and total civilian employment. The slow rate of increase in employment in comparison to membership means that Equity members on the average find less employment in the theatre today than they did in the 1960s under Equity jurisdiction (see Figure XVIII). Despite increases in certain years, the general trend has been downward.

Figure XVIII **Average work weeks of Actor's Equity Association U.S. and Canada members 1961 to 1975**

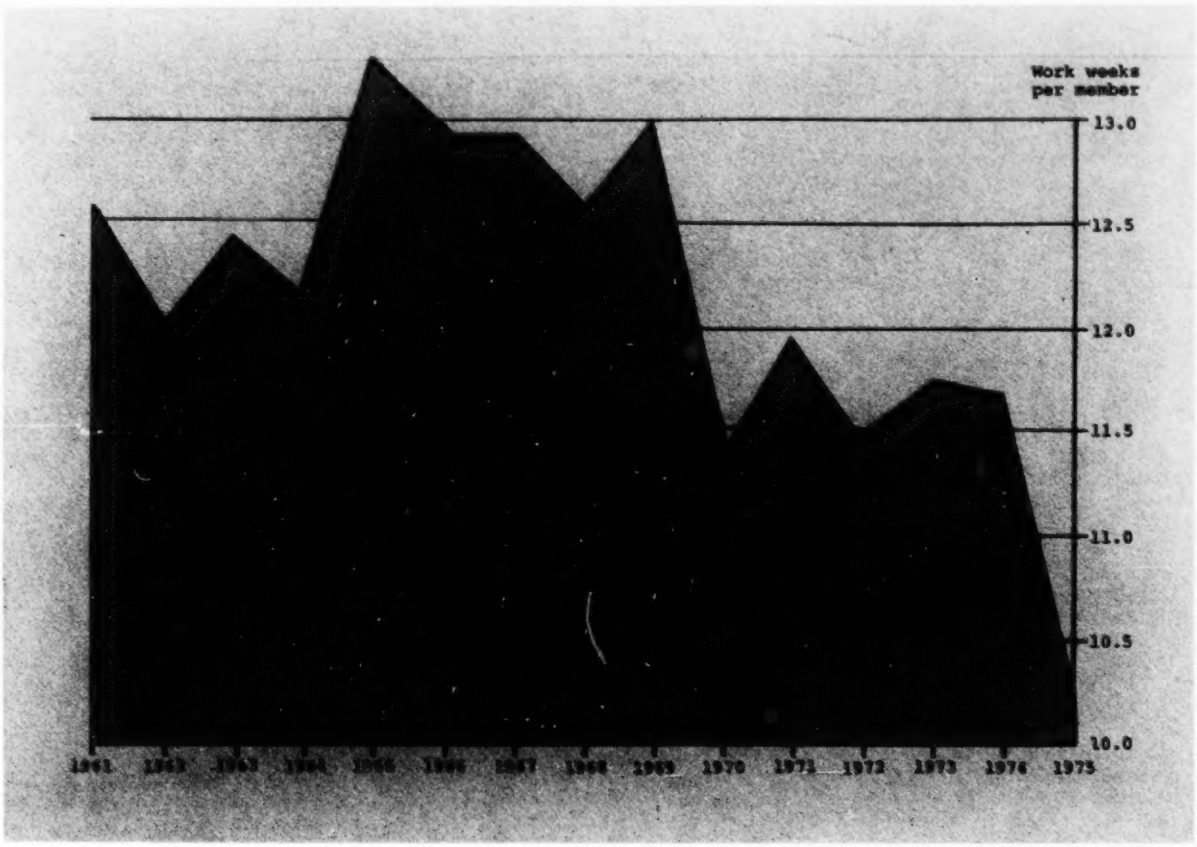


Table 36 **Actors' Equity Association U.S. member work weeks by theatre type**

Season	Broadway	Road	Dinner	Stock	LORT	All areas*
1967-68	40,900	27,076	---	---	38,511	165,197
1968-69	39,502	26,586	---	---	36,150	162,283
1969-70	38,221	31,352	---	---	32,522	168,473
1970-71	34,792	29,393	10,521	20,662	26,893	146,876
1971-72	36,418	25,839	15,952	25,409	26,658	157,707
1972-73	37,037	23,279	21,098	28,850	27,309	155,099
1973-74	32,776	24,052	28,858	27,630	29,661	161,490
1974-75	35,417	17,802	33,411	26,574	31,027	164,041
1975-76	38,280	18,464	25,985	25,231	35,657	160,828
Growth rate 1967-68, 1975-76	-6.76%	-5.83%	---	---	-1.56%	-0.18%
Growth rate 1970-71, 1975-76	-6.62%	-9.74%	19.89%	3.11%	5.57%	1.75%

*Includes children's theatre, industrial shows, personal appearances, etc.

The Equity member may be working in television or in motion pictures or in nonacting jobs. Indeed, the average Equity member needs other employment or other household members' earnings if an income above the poverty level is to be maintained.

Employment by theatre type. The data on work weeks in different types of theatres reveal two important patterns (see Table 36). First, there are cyclical swings in employment. Between 1961 and 1976 employment increased at a rate of 1.2 percent a year. Within that period there are variations—from 1967-68 to 1976-77 employment decreased by 0.18 percent a year; but from the 1970-71 season on, it increased by 1.75 percent a year. These patterns corroborate the findings in Chapter II on changes in theatre activity.

The second pattern has to do with the importance of theatre outside New York in maintaining employment levels. From the 1961-62 season on, Broadway and the road have provided less and less employment for Equity members, whereas dinner theatre, stock, and LORT (since 1970-71) have been increasing their employment. This is more evidence for the "regionalization" of theatre discussed in Chapter II.

Employment of individual Actors' Equity Association members. Another rough measure of Equity members' employment can be made using the records of the Equity-League Welfare and Pension Fund (an organization established initially by Actors' Equity Association and the League of New York Theatres and Producers, which has since become the independent agency to which all theatres contribute) of pension-covered work weeks. (Pension coverage has been extended progressively to Equity contracts since 1960 and virtually all have been covered since 1967.)

The median number of weeks worked by members who worked at all was about 15 and the mean was 15.5 for covered employment. Samples taken for each year from 1970 through 1975 reveal a similar pattern. In any year employed Equity members are typically employed under Equity jurisdiction for only part of a year.

Another measure of employment can be made by estimating the percentage of paid-up Equity members who worked under Equity jurisdiction. Using the data available, the cal-

culations show that the figure is about 60 percent for 1975-76.

This figure, along with the others which have been presented, strongly supports the conclusion that actors face substantial uncertainty in theatre employment. Actors may find other employment during times they are not working in the theatre and there is considerable evidence that some do. But there is a 40 percent chance that a paid-up Equity member will not work at all under Equity jurisdiction during any year; and if an actor does work, the average annual employment is about 15 work weeks.

Other information also shows little employment security in the acting profession. For example, the U.S. Bureau of Labor Statistics data on unemployment among actors regularly give annual rates ranging from 30 to 50 percent, which is consistent with the Equity unemployment estimate. And data from the Ruttenberg study corroborate the estimates of employment distribution—employment patterns of Equity members working under other performing arts unions not greatly different from employment of Equity members under Equity jurisdiction. In both cases, members typically work for only part of a year.

The employment situation appears less stark if the Ruttenberg data on all paid employment of Equity members are examined. These findings show that when all paid employment (employment in teaching, theatre, nontheatre, etc.) is taken into account, the median number of weeks of employment is about 37 and 28.8 percent of Equity members were employed full time. While there is a certain comfort in these figures, over 80 percent of Equity members said that they considered the performing arts to be their primary occupation.

Musicians

For this information a sample was taken from the files of the American Federation of Musicians (AFM) and Employers' Pension and Welfare Fund for individual members of Local 802. Monthly earnings from both Broadway and out-of-town employment were analyzed to show the distribution for 1976 and to compute such monthly data as total employment by work weeks.

It is important to understand that a work month is one member working at any time during a month. (A member playing at all performances of a show during a month is one work month, the same as for a member playing only once in the month.) The median distribution of AFM-member work months for 1976 is about 4.0 and the mean is 5.9. Although the work month measure is a very unhomogeneous one, it does seem fair to conclude that the Broadway theatre is not a very steady source of employment for individual musicians whether by choice or necessity. Because AFM members work in a variety of union employments other than theatre (clubs, recordings, radio and television, private parties) there is no meaningful way of using this data to estimate employment rates or percentages of those working at least once in the theatre.

Press Agents and Managers

The total work weeks and the distribution of work weeks for members of the Association of Theatre Press Agents and Managers (ATPAM), No. 18032 for the period 1970-71 through 1974-75 show that individual employment is relatively stable though not greatly so in comparison with occupations outside the theatre. Approximately 70 percent of ATPAM members worked at least once in 1974-75 and over one-fifth of these worked 50-52 weeks during the year. Median employment for ATPAM members was about 32.5 weeks.

COMPENSATION

Union minimum wage rates, annual theatre income, and annual income from all employment are indicators of theatre workers' earnings. Data on wage rates come directly from union contracts. Data on annual income come from wage bills from samples of Broadway and nonprofit theatres and from pension and welfare funds. The annual figures are governed by period of employment as well as wage rate. If weekly wage rates increase but weeks of employment decrease by the same proportion, the annual income figures should remain constant.

Wage Rates in Theatre Occupations

Two main conclusions emerge from an examination of union minimum wage rates in Table 37. First, wage rates have increased more rapidly than the consumer price index, which has gone up at an average annual rate of approximately 5.15 percent—so that purchasing power has increased for most occupations listed.

Second, while a weekly minimum of $250 for 52 weeks would theoretically produce an annual salary of $13,000, actual theatre earnings fall well below the minimum that could be obtained annually from steady employment.

Another perspective on weekly wage rates can be obtained by examining average weekly earnings computed by dividing annual earnings by annual work weeks. In 1976, 40 percent of Equity members in a sample of

Table 37 Growth rate of selected weekly salaries between 1964 and 1977

	Rate of growth of weekly salary	Years used to compute growth rate	Minimum weekly salary	Year of weekly salary
Broadway				
Actors (nonroad)	8.02%	1964-77	$355.00	1977-78
Actors (road)	9.05%	1964-77	$547.00	1977-78
Stage manager (musical)	6.34%	1964-77	$600.00	1977-78
Stage manager (drama)	6.65%	1964-77	$505.00	1977-78
Press agent	4.91%	1964-76	$502.00	1976-77
Manager	5.79%	1964-76	$400.00	1976-77
Stagehand (department head)	6.78%	1964-77	$409.13	1977-78
Stagehand (asst. dept. head)	6.71%	1964-77	$360.97	1977-78
Stagehand (flyman)	6.76%	1964-77	$340.92	1977-78
Stagehand (portable board)	6.53%	1964-77	$312.90	1977-78
Musicians (musical)	6.02%	1964-77	$380.00	1977-78
Musicians (drama)	5.90%	1964-77	$290.00	1977-78
Musicians (out-of-town)	6.99%	1964-77	$580.00	1977-78
Ushers	6.76%	1964-74	$ 78.91	1974-75
Chief usher	6.40%	1964-77	$ 94.60	1974-75
Treasurer	6.63%	1964-76	$395.00	1976-77
Head porter	6.15%	1964-77	$179.50	1977-78
Wardrobe supervisor	6.43%	1964-76	$267.00	1976-77
Engineer	6.34%	1964-77	$343.20	1977-78
Regional theatre				
Actors (LORT A)	5.15%	1966-77	$242.25	1977-78
Actors (LORT B)	5.25%	1966-77	$216.25	1977-78
Actors (LORT C)	6.14%	1966-77	$203.50	1977-78
Actors (LORT D)	6.60%	1966-77	$182.30	1977-78
Stage manager (LORT A)	3.68%	1966-77	$378.35	1977-78
Stage manager (LORT B)	4.09%	1966-77	$265.00	1977-78
Stage manager (LORT C)	4.98%	1966-77	$228.55	1977-78
Stage manager (LORT D)	5.38%	1966-77	$209.20	1977-78

those who had worked at least once during the year had average weekly earnings of less than $250, while the mean was about $305. From 1970 to 1975, the percentage of Equity members with average weekly earnings of less than $250 is much larger, and the mean for 1970 is only $170. While the data are based upon a very small sample and therefore subject to substantial error, they show that mean weekly earnings remained in the vicinity of $200 per week worked until the recent upswing in Broadway and the road.

Union members' annual income. Contractual wage rates alone do not determine how much an individual working in the theatre will make in any given year. There is also the question of the individual's success in finding such work. Very few theatre employees actually earn the theoretical annual minimum. Rather, data from pension and welfare funds reported below show that median incomes are well below $10,000 per year.

Actors' Equity Association. The data on annual earnings of members of Actors' Equity Association are taken from a small sample of the Equity-League Pension and Welfare Fund. Although virtually all Equity employment is covered by the fund today, there are two exclusions: wage income over $1,500 per week and actors' percentages of box office gross or shares of profits. The 1976-77 sampling shows that average covered income in 1976 was quite low; the median was less than $5,000 and the mean was about $4,443. By way of reference, the U.S. Bureau of the Census official 1976 poverty level income was approximately $5,815 for a family of four not living on a farm. Therefore, if the actor with Equity earnings was a member of a four-person, nonfarm household, additional household income would be needed to get above the official poverty level.

Data on the covered income from 1970-71 through 1975-76 show that the median income of those who were employed was consistently less than $5,000 and the mean never exceeded $4,500. The conclusion that the vast majority of actors working in the theatre do not earn good incomes from this source alone is inescapable.

Additional perspective on the income of Equity members is provided by the survey data collected in the Ruttenberg study. This showed the 1976 Equity members median income from all sources to be a little over $7,000 or about 75 percent greater than income earned in Equity jurisdictions alone. Also, computations based on the Ruttenberg data show that only about 60 percent of the average Equity member's total income comes from employment in the performing arts. It is apparent, then, that Equity members do rely on employment other than that under Equity jurisdiction for a substantial part of their income.

American Federation of Musicians, Local 802. The data on annual covered income of members of AFM Local 802 was taken from 1976 pension fund records and pertain only to members who worked at least once on Broadway or out-of-town and only to income derived from this work. The median income of these members was below $5,000; the mean income was about $8,485.

Approximately 25 percent of those working on Broadway or the road had an annual income from this source of over $12,500. This is in marked contrast to Equity members, of whom no more than 10 percent had income from employment in covered Equity jurisdictions exceeding $12,500 from 1970 to 1976.

Information for musicians probably tends to understate their income. Low incomes probably result from temporary employment when a regular member of an orchestra is sick or goes on vacation. Among actors, such substitutions typically come from the existing cast through the use of an understudy and there is no temporary replacement. Most musicians working in the theatre earn reasonably adequate incomes.

Press agents and managers. Data on annual income of press agents and managers covers all member earnings under the jurisdiction of Association of Theatrical Press Agents and Managers (ATPAM) in 1974-75. The median income was between $10,000 and $15,000 and the mean was approximately $12,675. Over 30 percent of the membership had incomes of $15,000 or more from ATPAM employment.

An examination of similar data for earlier years (1970-71 through 1973-74) shows roughly the same income distribution. Relative to the incomes that members of other unions earn in theatre jurisdictions, ATPAM members seem to fare reasonably well. Nonetheless, a significant number (about 18 percent) earn incomes of less than $5,000.

Stagehands. Data on stagehands come from a sample of members of International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators (IATSE) Local 1 in New York and covers those working at least once in 1976 under the local's jurisdiction in the Broadway theatre or other Local 1 jurisdictions (television and shops). The median income from Broadway employment was less than $4,000. The mean income was about $7,110, and over 20 percent of the sample had incomes in excess of $12,000 a year. As with musicians, many IATSE Local 1 members earn incomes from covered employment in areas other than the Broadway theatre. The median 1976 income from employment un-

der all Local 1 jurisdiction was above $12,000 and the mean $14,212. Approximately 30 percent of the sample had annual incomes from employment under Local 1 jurisdiction of more than $20,000. On the average, members derived about 50 percent of their mean income from Broadway theatre employment.

Ushers and doormen. Data on annual income of ushers and doormen come from a sample of members of IATSE Local B 183 working in the Broadway theatre at least once during 1976. The median income was less than $1,250 and over 80 percent made less than $5,000. The mean income was $2,198.

Data on total income from all employment under Local B 183 jurisdiction reflect approximately the same picture: in other words, members who work in the theatre typically do not have much income from other Local B 183 jurisdictions.

Wage bills in the theatre

Perhaps the most interesting perspective on labor compensation in the theatre is provided by data on wage bills—total expenditures for such labor categories as actors, stagehands, musicians, and administrative staff. These expenditures are intimately associated with the "cost disease" diagnosed by Baumol and Bowen. There is relatively little prospect of increasing labor productivity in live theatrical performances. Therefore, wage bills may be expected to increase in about the same proportion as wage rates (if the latter are going up at a rate similar to the general price level) if the size of the workforce is unchanged. If the wage bill increases at less than the rate of increase of wage rates, it is evident that the theatre has adopted cost-saving measures: reduction in average cast size, reduction in the number of productions or performances, or a shift away from highly paid personnel.

The main source of data on wage bills of nonprofit theatres is the Ford Foundation survey of performing arts institutions. Expenditure growth rates have been estimated for various labor categories for a period of 9 seasons; see Table 38 (following). Comparing these rates with growth of the average wage rate for corresponding categories would indicate whether or not employment has increased or decreased. Again, employment has increased if wage rates have gone up more slowly than expenditures; employment has decreased if wage rates have gone up more quickly.

Wage rates for artistic personnel in nearly all categories have grown more slowly than expenditures, indicating that more artistic personnel are being employed. For most of the categories the increase is slight, probably in the neighborhood of 1.0 to 1.5 percent per year. The few larger increases in employment of artistic personnel (regular performing artists in the pit, guest artists) are in categories which account for only a very small proportion of total expenditures.

For nonperforming artists, the categories with the largest total expenditures (stage managers and instructors, creative designers and technical personnel) have increased expenditures more quickly than wage rates. This probably reflects both increasing employment and some substitution of paid for unpaid personnel.

By far the highest rates of increase in total expenditure for personnel are for nonartistic personnel. Unfortunately, no comparable data on wage rates were available and so there was no ready way of determining how much of this growth may be due to increase in wage rates and how much to increase in employment.

Additional evidence on employment is provided by examining the relationship between salary and fee expenses and total operating expenditures. There has been a slight tendency for the portion of the budget devoted to nonartistic salaries to increase. Apart from these almost imperceptible shifts, the salary and fee composition of the budget has remained virtually unchanged over the years. In other words, it has increased at about the same rate as the total budget.

This is an extremely interesting finding because it provides additional evidence that employment in the theatre has increased. It means that the rate of growth of average wage rates plus the rate of growth of average employment has been about equal to the rate of growth of total operating expenditures. Since expenditures have increased at about 8.3 percent a year, and since wage rate increases generally have been in the range of 6 to 7 percent a year, there appears to have been a modest overall increase in employment (perhaps on the order of about 1 to 2 percent or less a year) over the period examined.

Wage bills in commercial Broadway productions are based on a sample of shows for which investment was offered publicly from 1965-66 to 1976-77. Because the data cover only a small fraction of the shows produced in any year (about 10 percent), the sampling error in the estimates is relatively large, but the pattern of findings is consistent with other data.

In general, growth rates for selected salary and fee expenditures are quite differ-

ent from those for the nonprofit theatres examined in the preceding paragraphs. For example, cast salary expenditures (both during production and operating) have grown relatively slowly. Since the basic minimum salary for actors under Equity jurisdiction (all shows in the sample) has increased by over 7.5 percent a year, there is compelling evidence that the commercial Broadway theatre has taken strong economy measures in employment. If it had not, the wage bill for casts would probably have increased on the order of 7.5 percent or more.

Another pattern that emerges for the data is the marked increase in other artistic and crew costs during production. During the operating period, however, these costs increased quite moderately and are well below the range of increases in wages.

Table 38 **Growth rate of larger nonprofit theatre wage bill categories 1965-66 to 1973-74**

Wage bill category	Growth rate
Performing artists on stage	6.31%
Performing artists in the pit	46.38%
Guest artists	33.41%
Total performing artistic personnel	7.42%
Regular and guest directors and conductors	5.85%
Stage managers and instructors	8.35%
Creative designers and technical	13.08%
Other nonperforming artistic	-1.19%
Total nonperforming artistic personnel	8.33%
Total artistic personnel	7.71%
Stagehand and crew shop	7.92%
Total artistic and production personnel	7.71%
Executive	11.44%
Supervisory	5.10%
Clerical, box office, and front-of-house	12.09%
Maintenance	11.12%
Total nonartistic personnel	9.99%
Total personnel	8.35%
Employee fringe benefits	13.18%
Total salaries, fees, fringe benefits	8.79%

CHAPTER V

THE THEATRE COMMUNITY VIEWS ITSELF

The statistics in the preceding chapters describe in quantitative terms certain aspects of the condition of the American theatre between 1965 and 1977: extraordinary and diverse theatre activity around the country, the large audience for this activity, problems posed by the "cost disease" and the strong measures taken by both the commercial and the nonprofit theatre, and serious unemployment and low income of theatre artists. Those committed professionals who work in the theatre and who daily encounter its problems and needs speak to a parallel set of facts perhaps less quantifiable but equally as important and pertinent. Many individuals and organizations in the theatre community were asked for their views. Formal statements were received from a number of organizations and from 4 roundtable discussions comprised of individuals representing various constituencies in the theatre community. The organizations submitting statements were Actors' Equity Association, Off-Off-Broadway Alliance, Alliance for American Street Theatre, Dramatists' Guild, League of Resident Theatres, American Theatre Association, League of New York Theatres and Producers, American Community Theatre Association, Performing Arts Repertory Theatre Foundation, Theatre Development Fund, Theatre Communications Group, and Black Theatre Alliance. The roundtable discussions were organized as follows:

October 18, 1977, 9:00 a.m. - noon,
New York City

Richard Barr, President, League of New York Theatres and Producers
John Bos, Director of Performing Arts, New York State Council on the Arts
Michael Feingold, Critic
Bernard Gersten, Co-Producer, New York Shakespeare Festival
David LeVine, Executive Director, Dramatists' Guild
Stephen Schwartz, Composer
Douglas Turner Ward, Artistic Director, Negro Ensemble Company
Thomas Fichandler, Managing Director, Arena Stage

October 18, 1977, 2:00 p.m. - 5:00 p.m.,
New York City

Emanuel Azenberg, Producer
Earle Gister, Director, Leonard Davis Center for the Performing Arts
Stuart Ostrow, Producer
Jane Alexander, Actress

October 20, 1977, 9:00 a.m. - noon,
Los Angeles

Alvin Epstein, Artistic Director, Guthrie Theatre
Robert Goldsby, Artistic Director, Berkeley Stage
Mako Iwamatsu, Director, East/West Theatre
Dan Sullivan, Critic
Marl Young, American Federation of Musicians

October 20, 1977, 2:00 p.m. - 5:00 p.m,
Los Angeles

Arthur Ballet, Office for Advanced Drama Research, University of Minnesota
Pat Don Aroma, International Alliance of Theatrical and Stage Employees
Stanley Eichelbaum, Critic
Jorge Huarte, Director
W. Duncan Ross, Artistic Director, Seattle Repertory Theatre

Complete transcripts of the organization statements and roundtable discussions are available through the National Endowment for the Arts library.

The attitudes and analyses expressed were as varied, conflicting, energetic, and inspired as the theatre activity on which they commented. Each of the small roundtable discussions had a dynamic of its own and the debate and discussion created an ebb and flow of ideas and opinions. This chapter attempts, through liberal summarization and quotation, to give the highlights of these statements and discussions. It does not present all of the attitudes which were expressed. (Nor are these attitudes a representative cross-section of those held by the theatre community.) An exact summary is not practical for such a wide-ranging, over-lapping, and individually expressed series of statements and remarks. The following is a selection of the important themes running through these particular expressions of the theatre community, along with the disagreements, the different priorities, and the variety of solutions offered. The original statements and full transcripts comprise a considerable amount of material. In reducing them to the following pages, no injustice is intended to those who have been so kind in providing help.

A persistent idea in the roundtable discussions and, especially, in the formal statements is that deep-seated problems exist beneath the surface of the burgeoning theatre activity in the country. While the current level of activity is applauded as a source of great hope, some (Arthur Ballet and Dan Sullivan, for example) are quick to point out that more theatre does not necessarily mean better theatre. In various ways, organizations and individuals

expressed a strong concern for the future, a feeling that fundamental problems are being ignored and that the theatre is in some sense headed for, or is actually in, a time of crisis.

Emanuel Azenberg remarks: "Nobody wants to deal with these coming realities because they are saying 'I have to get mine now. This is my year for a hit and I don't want to change anything. Two years when my hit closes, then we will talk revolution. But that cliff that we're going to fall off is not too far away, because with a little luck I will have my hit this year, and you can call me in Connecticut and I'll be planting onions and potatoes and things like that because I believe in my theatrical lifetime that crises will happen.' I think that when we sit and face a normal musical at over a million dollars, something has to be dealt with here. And the only reason they look good up there is because we're charging, instead of $10 a ticket, $20 a ticket. So he says, 'My God, we grossed $640,000,000 last year.' Well, that's terrific if you only deal with that. The amount of losses is as great as they ever were, maybe even greater. There are less efforts being made in the experimental area. There are no efforts being made on Broadway experimentally at all. They are cropping up in other little places and all of those places are under duress financially. They all come begging to the same 12,000 foundations and the government. And people are screaming to the national, to the federal government now. And saying, 'Hey, what about—hey, wait a minute....'"

Earle Gister comments: "When your best artists are leaving the theatre for other art forms, it cannot be a very healthy situation. I just don't understand how it can be described as healthy. And we have heard comments earlier that...a lot of the good actors in this country are not working in the theatre. Then that has to say something about the state of the theatre.... It is not providing them with a sufficient living. It is not attractive enough to them. It is not compelling enough in terms of their lives. The same can be said of other artists in the theatre, including writers. And that to my mind bodes bad things down the road."

The Off-Off-Broadway Alliance (OOBA) suggests that the smaller nonprofit theatre is at a crucial point in its history, "a point of transition that throws emphasis on the pains of growing larger and more complex, while maintaining a commitment to the ideals and an identity from an earlier, simpler time."

And the League of Resident Theatres (LORT) says: "So the nonprofit theatre is caught in a perpetual squeeze play. On the one hand, it has an expensive obligation to works that are costly to produce, though good for the soul, and are sometimes bitter medicine. On the other hand, since it cannot pay for itself, it has to please its funding sources—wealthy individuals, private foundations, corporations, local governments—and, in an inflationary economy, it has to please them more every year. These philanthropic sources, while they include many serious, generous, and good-hearted people, by their nature are capricious. They may or may not be interested in art, the truth, and the theatre's responsibility to civilization and culture. They may be more interested in social prestige, good image-making advertisement, or a large tax deduction than in the continuity and health of the American theatre. As a result, even the largest and most prestigious resident theatres become donkeys, always chasing the carrot of next year's funding dangled on a stick before them. Dragging the whole burden of culture behind them, while they struggle to satisfy the growing needs of larger and larger audiences in a more and more expensive world.

"At this point in the history of the nation's theatre, one of two things happens. Either the theatre, searching for a way to pay for itself, lets the profit motive seep in, starts to choose its repertoire and its actors with both eyes fixed on the box office; it lets the long run and the potential star supersede its devotion to the development of artists and their organic relation to their community; it becomes a commercial enterprise, briefly outlives its commercial uses, and dies an unlamented death, to be replaced by some adventurous new theatre that starts the struggle all over again. Or, one of the dominant forces that supply capital to the performing arts, usually, the government, recognizes its obligation to the arts and takes steps to make the institutional theatres permanent, trusting that once their survival is guaranteed, the artists who operate them will keep them alive and responsive to the public, growing and changing."

The Alliance for American Street Theatre says that "this vibrant, volatile form which flourished during the turbulent 1960s and the earlier part of this decade...is in jeopardy because public and private funding sources are not convinced that the Street Theatre is, in fact, alive and kicking!"

And Douglas Turner Ward notes the contrast between his discussing high level arts policy and the everyday reality of work in his theatre: "I find that I'm a participating member of most of the top think sessions about the theatre, and I find a great contradiction because I have to be

very statesmanlike in giving my theoretical analysis and all of that. Yet the contradiction is that at the moment I go back to the theatre, which has been deemed by all of the powers that be—internally and externally—to be of great importance to the state and to the nation...I am literally going back to both sit at the typewriter and get on the phone to fight for the survival of an institution that has been deemed important."

Many in the theatre community feel the theatre is in a special situtation as an art form and, as a result, the public is often confused with regard to the theatre's place in the cultural life of the nation.

Earle Gister speaks of a number of functions which the theatre has and his list includes many of the topics touched on by other participants: "Today, obviously, the theatre plays an important role as the source of entertainment except that it's entertainment for, for lack of a better word, the elite as opposed to the mass because the mass audiences find entertainment through television and film. It takes a bit more effort and everything else to go to a play than it does to turn on the television set and sit at home and watch it. Consequently, theatre sorts out its audiences one way or the other: sorts it out by price; sorts it out by location; sorts it out by accessibility or availability.

"Nevertheless, one of its functions is to entertain. And by entertain, it's not necessarily something that is not substantial or significant or deep. It can be. I mean entertainment in the sense of involvement. The role of the theatre in school obviously is educational. Theatre can perform an educational function in schools at all grade levels. Theatre is also avocational. It has that role to play in society. There are many avocational theatres that do indeed present plays .... for a ticket price.

"The theatre has the role of providing jobs. It's a business. That can't be overlooked at all. It's a source of employment for a considerable number of people of many different levels, both artistic and otherwise.

"Then, there is that other thing called culture. The theatre indeed has a cultural role to play in our society and it stands alongside the other arts in that respect. Perhaps it doesn't stand in the eyes of the public today as culturally significant as museums or symphonies or ballets because there is this mixture in the theatre of roles that doesn't occur to the same degrees in other art forms. I think that can confuse the uninitiated among the public. I think it causes problems.

"I think the profit or commercial theatre plays a cultural role in our society no more and no less than the not-for-profit theatre. Indeed, much of the impetus, the cultural impetus, as Manny (Azenberg) suggested earlier, still emanates from New York City and from Broadway. There is, I think, perhaps a greater degree of sharing now. That is, something being done elsewhere in the country being brought into New York City than happened before; but it's a two-way street. I don't put culture only on the side of the not-for-profit group."

The general cultural importance of the theatre is implicit in all the statements and discussions, but a number of participants make it explicit also. The American Theatre Association says that a major long-term problem of the theatre is "to become one with the community at local, state and federal levels; to become as integral a part of the community as in the classic Greek times when Aristophanes, Aeschylus, and Sophocles were writing."

Dan Sullivan puts it more personally: "Well, a specific example is I was feeling very blue and low and terrible, down on myself and the human race in general. I had to go up to Santa Barbara, and it turned out to be the Royal Shakespeare Company, four of them, doing Anthology to Shakespeare, and I went out so illuminated and so enlightened and so glad to be part of this race, because this man had written these beautiful words, and these men and women up there had read so beautifully, not just beautifully in that sense, but given them so much life. I was glad I had the gift of language. I wanted to go back and write something, and luckily I couldn't. And that is what theatre is about. Those were real people who had showed me what this other real man way back then had done with his real pen. I think that is why theatre is good. That's what I want to see happen everywhere...in every city in this country."

Don Grody, writing for Actors' Equity Association, argues the central importance of recognition of the theatre's cultural importance: "The major problem confronting the theatre artist today, as described by his union, Equity, as well as by the actor himself, is unemployment. I would venture the heresy that this description results from looking through the wrong end of the telescope, describing the symptom of the disease, and not the disease itself. The chief problem of the actor is

the failure of society sufficiently to appreciate, materially and esthetically, his contribution.

"Materially, the society, read: legislature, in a most niggardly fashion dispenses its largesse to the theatre. With a budget of half a trillion dollars—that's 5 followed by 11 zeroes—6 million dollars for the theatre hardly seems sufficient. In terms that might be understood, that means about one/one-thousandth of the total U.S. budget. If the Congress feels we are worth that little, why should the public feel otherwise? Yet the failure of the federal government as well as the multitude of state and municipal government to acknowledge the theatre's contribution to the American scene in purely economic terms need not be laid entirely at the legislators' door. The theatre has failed institutionally to assert the dependency of other industries upon the theatre's success. As the theatre remains a cottage industry as well as a collaborative art form, it requires the employment of a host of other workers with diverse skills. Moreover, the theatre does not exist in a vacuum but must rely on or enlarge employment in such diverse systems and industries as transportation, retailing, restaurants, hotels, to name but a few. But a decent symbiosis has not yet been created between the purveyors of theatre and the bureaucrats in government. Where are the studies of the Department of Labor as to employment patterns and earnings in the theatre? Where are the data of the Commerce Department to detail the interrelationships among the many disparate employing entities within the theatre without which the theatre (in this country) does not exist? Why, in the two hundredth year of our independence, is there no defined policy, executively or congressionally-proclaimed, which charts a course for the theatre and mandates massive governmental support.

"Esthetically there is only silence. Regrettably, the theatre is still a plaything, a frill in the minds of most. To the terrible detriment of our nation, tens of millions are denied the opportunity to be made alive to the beauty of our language and to the challenge of ideas. Is it not time for the redemption of Adams' pledge that: 'I must study politics and war so that my sons may have liberty—liberty to study mathematics and philosophy, geography, natural history, naval architecture, navigation, commerce and agriculture; in order to give their children a right to study painting, poetry, music, architecture....'"

And Marl Young also makes the point that recognition must come from the leadership of the federal government: "I think that the federal government, and of course this applies to all of us, but I think especially the federal government should take the lead in setting the tone for the acceptance of the arts all over the country, so that we can someday have the same situation as we do in Europe where a child has grown up being able to see Shakespeare, being able to hear Beethoven, American composers, plays written by American writers. If the federal government sets the tone and assists and encourages the states, cities, and counties to participate in this, I think we are going to be better off. We need dollars. We need dollars from everywhere but I think the federal government has to be right out there and saying, 'This is the way it should be. Our administration is for this. We want this type of thing to happen,' and this way it will do one thing, it will keep the actor employed, keep him off the unemployment rolls, restore his dignity, give the actor who has a profession or the musician or other artist who has a profession an opportunity to ply his trade at a decent living and to support his family and walk with his head high. We do it for the farmer, we do it for the airline industry...and about every aspect of American business, but we do not do it for the artists.

"I think we should look upon the arts as something that is just as necessary as General Motors or the farmer because they are feeding the body; we need to feed the spirit, you know. You cannot live by bread alone. You have got to have something to feed their spirit on or you are not going to have any kind of people but a lot of zombies in this country. I think it is necessary for the government to step right in there and take an active role and give us people in this artistic role a chance to ply our trade at a decent living and to hold our heads high. It will be good for the country, it will be good for us, and it will be good for everybody."

Since the theatre is both an art form and, in many instances, a profit-seeking enterprise, there is a confusion in the minds of the public, say many participants. Remarks Richard Barr: "The difference between theatre and other performing arts is that the theatre is the only one that is not subsidized totally. Every other form of performing art is subsidized. The theatre, because it had its beginnings in a commercial sense, way, way back, even in 1730, 1750, when we first began doing plays in the United States, it was always a commercial situation.

"Many, many years later, without trying to go into the history of it, the other arts

began to come up, the other performing arts, that is, the symphonies and the dance and the concert attractions and other performing areas. The only one that remained commercial and still is commercial to a great extent is the theatre. And this is its essential problem, as I see it."

John Bos says: "The very problem Richard cites is also the problem of the nonprofit theatre. Nonprofit theatres have a difficult time raising money from a noninformed public because of the confusion that exists that Broadway makes money. Lincoln Center's problem is that—no one questions the need of the Metropolitan Opera or the New York City Ballet or the New York City Opera for needing subsidy, but they obviously question it for the theatre, the Beaumont."

Michael Feingold adds certain qualifications: "I find a certain number of half-truths sliding in here which I would like to clarify if I can.

"First of all, I don't think it is completely true that the theatre is the only art that is not totally subsidized. We have something in this country called commercial music, popular music, rock music, Muzak, it pays its own way; whereas classical music, which many millions of people like, would disappear if it weren't subsidized. I think that should be underlined.

"There are such things as film and television. It's possible—Dick works in the theatre and does not consider them art forms."

Mr. Barr: "Correct."

Mr. Feingold: "They are certainly mainly commercial. I can't answer for television, but film has produced a few good things. They pay their own way.

"There are also certain relationships to the theatre of those two art forms that affect the financial picture and the artistic opportunities of the theatre. We might talk about that later on. So again, Bernie (Gersten) repeated that the theatre is the only art capable of operating without subsidy. This is also something I question....I'm not sure that Broadway in its present state is a demonstration that the theatre is capable of operating without subsidy. Broadway is subsidized by TDF at this point, by the half-price ticket booth—and, incidentally, there has always been some arrangement of that kind in the history of Broadway for unloading slow-moving tickets.

"Secondly, we are now at a point in history where Broadway is to a certain extent subsidized by the nonprofit resident theatres which are supplying all of the material and doing all of the pre-Broadway work that used to be done by Broadway producers and out-of-town tryouts."

David LeVine says in another context: "It's one thing that we all understand, that the public at large does not. I had a call from a very bright lawyer from a very good law firm in New York who represents a client who is an author, and she said to me for various reasons which are not important to us, she said, could you please evaluate this play? And I said, 'I beg your pardon?' She said, 'Could you please tell me what you think the earnings will be?' I said, 'I really don't understand your question. The play, as I understand it, is not completed yet.' She said, 'Yes, that's right.' It was not a playwright who had written 14 plays like an Arthur Miller where you might think—you know, when Arthur Miller writes a play there are 14 theatres in Europe that want to option it, period."

"This lawyer would not believe me when I told her that I didn't know anybody—and I really don't—who could say, yes, that play is worth X dollars. And she went and asked 7 other people. And that's one of our problems. The people in general don't perceive the theatre the way we know it to be."

This confusion affects the support given to the theatre by private foundations, corporations, and the public at large. W. Duncan Ross speaks about the problem in relation to ticket pricing: "We have just been talking to my board about this ...that the money...they come up with as a ball to fill part of our income gap... must not be regarded as a fact that management can't pay its way....What it is ...really doing (is) exactly the same as when you give money to the Orthopedic Hospital for the children. What you do is permit us to keep our top at $7.50."

Several organizations called for the establishment of some common forum for all segments of the theatre community, both as a meeting ground and as a means by which the theatre could speak with a single voice in advocacy. The American Community Theatre Association suggests: "If the leadership of all theatre organizations in the country...could be drawn together into a National Integrated Theatre Organization to serve as a council for legislators and agencies, all intra-theatre liaison would be improved, and ours would be a united national voice! We could by our very numbers and variety, influence funding for and quality of theatre in America."

And the Theatre Development Fund notes: "To the best of our knowledge, there has been only one organization in the past devoted to the kind of concerns that are here expressed. This was the ill-fated First American Congress of Theatre, which began its activities very promisingly in 1974 with a conference at Princeton, and included, for the first time, virtually every element of the American professional theatre. It will be necessary to re-invent it, or some substitute, in the near future, in order to provide the avenue for the kind of discussions that must take place."

The cycles of theatre activity observed in the economic data and the continuing pressure of the cost squeeze are reflected in the theatre community's concern about the precariousness of the condition of the theatre. Instability is perceived as a serious problem, and a major issue raised is the need for continuity and permanence in theatre institutions.

Michael Feingold: "And I think the major 'should' in the American theatre—the major lack right now is the institutions should have some way of being permanent so that it doesn't happen every forty or sixty years that we destroy our own history and have to start over with no base to start from and no understanding of our past and our culture."

Such a point of view is not without its critics.

Bernard Gersten asserts: "I'm for the death of institutions. I would like to speak fervently for it, to allow them to pass away. That is particularly true of my view in the theatre, because I think the theatre is still very, very much an individual or a tiny collective impulse. I'm glad that the Group does not exist today, that the Group Theatre has not survived. And I'm glad that Eva LaGallienne's theatre has not been retained in an artificial way so that the name, Civic Rep, is still waved in the breeze whereas the original impulse that motivated the formation of that theatre has long since been lost. And I tell you that I regularly consider, discuss in certain areas the death of the, the passing of the New York Shakespeare Festival when it's the correct time for passing to take place."

In the case of nonprofit theatres, the concensus seems to be that the concern for staleness is premature.

Michael Feingold: "It's the difference, Bernie, between a natural death and murder.

"Institutions by their nature are going to get stale and die, and another generation of artists is going to come along and either work against them or revitalize them from the inside, which, by the way, I think is much better.

"You have the institution. It stays permanent. It takes in new artistic foci that energize it."

Although there were a large number of specific suggestions as to different ways to promote stability and continuity—many of which are quoted below—the common denominator among them is for funding continuity. The feeling is that only government can provide the requisite guarantees of funding in sufficient amounts and stability. The private sector of foundations and business support is not reliable, many feel.

Robert Goldsby says, "What I think we are discovering...is the problem of the short-term grant support by private foundations, where the private foundation wishes to tell you they will support you, but they want to limit this in time, because presumably you are supposed to get on your own feet. In other words, it is an idea that is connected to the fact that what you are really trying to do is to become a commercial theatre.

"Now, government does not do that with scientists, they know much better than that in the sciences. They don't expect the private laboratory studying basic stuff to turn out toothpaste. They understand in science, and the government is very sophisticated in science. Now why can't the government become as sophisticated in its approach to the arts, which is the quality of life in the whole society. And all that means is what theatre needs is some degree of continuity in time, so that each year you don't have to beg the board of a foundation...to please give you the money for the next year and then wait on a cash flow problem for six months until they tell you, yes, we will give it to you. Meanwhile you have to borrow against it, and so forth and so on. What we need is continuity, and that can be provided only by the people's representatives, which is the Congress; in other words, the whole point of doing theatre is for the people. We don't function without audiences. That is the whole idea, that is to be the mirror of our society, and so what we need is the government moving in place of the private foundations, which are only giving us a carrot once every year, and then saying, Well, maybe if you are good, we will give it to you for one more year, but remember the axe will fall next year unless you get some others."

Thomas Fichandler expresses a widely held view on corporate support of theatre: "To

develop further what Doug said, a comment of one corporate man to me when I asked for money, he said: 'Well I'm sorry, we give our money to the Kennedy Center. We can get more bang for our buck there.'

"In other words, if you go to the commercial, the corporate, for support, they are interested in what it is going to do for their corporation not what it is going to do for the art of theatre....

"As a matter of fact, one guy, who was a potential donor, said, 'Oh, God, the play I just saw, I can't—I'm going to give mine to music where the ideas won't be so disastrous.'"

Several participants say that in certain local instances business support has been very good in the past but that even here not enough certainty exists, as Alvin Epstein explains: "I think it has been increasing throughout the years in the Guthrie. I think it is very responsible for the existence of the Guthrie. They are trying to build an endowment now and I think most of the money is coming from the corporate structure. However, I think that each place is going to be developing at a different rhythm, and because the corporate structure has been so involved in Minneapolis, it is probably now going to have to move into the government area and relieve the corporate structure from the responsibility that it has taken."

Developing institutions may get caught in between eligibility for "seed" money and recognition as a major, established institution. In tracing the growth of the small, developmental theatres of the Off-Off-Broadway movement, OOBA says: "This is where the real problem arises: the bigger a theatre in the Off-Off-Broadway movement grows, the more time the artistic director has to spend away from the theatre. One-third of his/her time can be spent trying to raise money—not always successfully. Since the need for grant money so far exceeds the amount of money available, the competition for funding dollars is fierce. Huge chunks of time must be spent writing proposals, going to meetings, and explaining over and over—and most often getting rejections. The artistic leadership of the theatre belongs in the theatre, supervising the production of plays....Several very fine artistic directors are considering leaving the theatre because of this increasingly consuming part of their job."

Other problems are cited as well. The ordinary processes by which government funds are appropriated and awarded causes difficultics, according to some. Douglas Turner Ward suggests a system divorced from the ordinary budgeting cycle: "The other thing, I think, is that in some way the appropriations eventually—I'm talking about Congress—it has to be taken out of the hands of the Congressional—the politicians in voting and attached in some way to something that has an ongoing permanence outside of yearly votes or what have you.

"What I am talking about here is—if, for instance, the amount of money appropriated to arts came from a one cent tax on gas or something...."

The emphasis placed on matching funds is criticized. Thomas Fichandler, after describing his experiences at Arena Stage, says: "Personally I think the three-to-one challenge grant is an abomination."

Allocation formulas, such as those in some states which are based on population, are also opposed, and there is some fear expressed that a general movement toward "populism" in the support of the arts could be detrimental to the professional theatre.

When it comes to the question of what sort of institutions should receive government support, suggestions and disagreements abound. There is, first of all, objection on the part of some in the nonprofit theatre to different support of commercial theatre by the government.

Duncan Ross: "I have developed my subscription from 7,500 seven years ago to 25,000, purely basically on word of mouth, because the critics have been just as tough with me as they are with anybody else. I don't see why theatres, commercial theatres, can't band together and create a series and do things for themselves that way. I don't see why—I may be getting on to rough ground—why it is necessary for a musical in which we participated and which went to New York, which folded, but that is neither here nor there, why nearly twice as many musicians are required in that theatre than were actually playing. I mean, there are all kinds of things that I think you've got to look at first before you start talking about providing public money to offset investors' risks."

In a roundtable discussion, Stuart Ostrow and Emanual Azenberg explore the question of art and commerce:

Mr. Ostrow: "The one thing I know will work, if you give a dollar to Richard Foreman, he'll show you something that you have never seen before. I know that is true. I know it's true."

Mr. Azenberg: "That is absolutely crucial and important. And after he finishes that

and says, 'Now it's ready to be seen,' the question is where and under what conditions."

Mr. Ostrow: "My feeling is that it is not a problem because the more art you create, the more people are going to want to see it. I think commerce always follows art and always will. I've never worried about that. That's something for the government to worry about, but I don't think we should be worrying about it. I really don't. I think our job is to try and create and stimulate art."

Mr. Azenberg: "Broadway is not a philosophy and it does not necessarily have to have a philosophical position. It's a location. The art can exist anywhere. If you want to start your experimental theatre or the workshop anywhere it doesn't matter.

"The minute you come out of that area—that's one problem. Let's try and promote and stimulate as much art as we possibly can with as many artists and back them and give them the opportunity to work.

"Once they have finished that work, it has to be seen by an audience. And when you take it out of that insulated environment and put it in another environment, call it whatever you want, that other environment exists in a population area so that that population can go. There must be some economic viability to it so that it is not all loss."

The Theatre Development Fund asserts the mutual need and interdependence of both sectors of the professional theatre: "Until it is understood by the not-for-profit theatre community that Broadway's issues are in many respects identical with their own, no mutual effort can be established. If the commercial theatre needs tax ameliorations and incentives to attract new capital and investment, it may well require the understanding of the not-for-profit sector that this is in their own best interest, too. For their part, the commercial producers must understand that even the most arcane not-for-profit theatre activity contributes to their economic welfare. Actors' Equity and the other theatre unions must also be educated to continue to provide the leeway in which non-union activity can develop and promulgate new works and artists at low levels of compensation and reward. At present, the separate universes are discussing their concerns at relatively low levels of self-interest. Their mutual education and edification is a primary task in the future."

The support of many sorts of institutions is a major concern. Stephen Schwartz asserts: "You can't just throw money up in the air and whoever is underneath just happens to catch it.

"I think that we are not going to answer this question today, but there are ways of approaching it.

"There should be institutions available so that the following things can be accomplished.

"So, specific—let's start with Doug's (Ward) case—specific minority or ethnic groups or whatever you want to call them who do not have the ability to begin to express themselves in the theatre should have a way to do this; and not just the black theatre, but the Spanish theatre, what started to happen with Shordiz and things like that. Those are very hard things to get going. I think certainly the specific things for minorities to begin to have a way to develop projects should be made possible.

"Certainly there should be some geographical consideration; that is, it's wonderful to have the New York Shakespeare Festival, which is one of the only places that has been able to accomplish what we have been talking about, but it would be nice if either the Goodman Theatre or some similar institution in Chicago could be able to do for playwrights in that area what the Shakespeare Festival is doing here. Similarly on the Coast, or in Washington.

"Certainly I think there should be a geographical consideration, too, so that people can get to where they have to be in order to be able to function.

"What you're trying to do is make it possible for the talented people in the country to find a home where they can develop these talents without going to and hoping to make it immediately in the commercial theatre."

Mr. Barr: "Well, whether we like it or not, New York City is the capital of the United States. It is the major city and always has been. That is usually where the major theatre flourishes. It's certainly been true in Europe.

"My point is, I think the biggest institution we have is the one we are neglecting to discuss, which is the Broadway theatre ...this is not to suggest that we shouldn't continually subsidize the regional theatre ...the experimenting and most of the excitement that comes from the theatre comes from Broadway eventually, irrespective of the second-rate stuff which...."

Mr. Feingold: "To Broadway."

Mr. Barr: "No. From. I said 'from' and I meant 'from.' That is where the important writers want to be seen and that is where their most important works are done."

One basic proposal for institutional funding to assure continuity and stability is for greatly expanded support to selected regional theatres. The suggestion, which took various forms, amounts to a call for a network of multiple national theatres. Such a scheme, according to its advocates, would build on available institutions, cultivate diversity, and greatly enhance artistic standards throughout the theatre community.

Actors' Equity Association sees a plan whereby there would be a national theatre in each state in the union: "Grand schemes and generalizations aside, what can be done now, momentarily, to assist the theatre artists—and the audience: For one thing, Actors' Equity Association, a union of actors 23,000 strong, has a plan for a National Theatre which can be bought for a pittance—in terms of our national budget. For the paltry sum of $50 million, we can provide a theatre in every state. And when we say $50 million, we are being conservative, because at that price you could give the tickets away (which may not be a bad idea, since libraries and public schools are free). This idea, supported by the data accumulated from the operation of theatres throughout the nation which function under union contracts, has so far stimulated no one to great activity. Perhaps it should suggest a feasibility study to be followed by a panel of experts who will bring to bear all the expertise of their various disciplines. But the idea is sound, it doesn't cost very much, and it can work."

Thomas Fichandler: "I stood next to Joe Papp when we were both testifying before Brademas' subcommittee. And Joe said, 'Look, why don't you tell the Endowment that they should pick a half dozen or so theatres around the country and be sure those theatres are supported and developed, become a basis for a national theatre.'

"And that really has been supplemented by the Equity concept of a national theatre, not a single, one theatre which may be possible in Britain which is so small but which is impossible in this country and would be ridiculous; but to develop a group of theatres that really can become the basis for what we would like to think of as a multi-form national theatre. I think that's an important 'should be.'"

Dan Sullivan agreed, "I want a strong, serious publicly supported theatre of the quality of the Guthrie, or better, in every major city in the United States."

Stuart Ostrow, Emanual Azenberg, and Jane Alexander examined the notion of a single theatre or a multiple one:

Mr Ostrow: "There should be, you know, an institute of high accomplishment. Call it what you will. A place—in England they call it the National Theatre. There should be a place where excellence is possible without compromise. Yes, a place—well, many places is too much. A place I'll be happy with. It isn't just for the actors. I know I made a mistake when I said national theatre. I meant for theatre in general, for the live performing arts in front of a live audience. The ability for playwrights to see how far they can take their work as opposed to what they can get out of it."

Mr. Azenberg: "Let's not make it 'a place' because that would limit everything."

Mr. Ostrow: "I don't know. I'm not sure if there weren't some great Valhalla, everybody would want to get into it and that wouldn't be a bad thing."

Mr. Azenberg: "And that would diminish every other one."

Mr. Ostrow: "No. Just encourage other people to grow because there would be something to aim for. We don't have that here. We don't have that temple of the gods, you know, where you went up and found out about the secrets of life."

Mr. Azenberg: "I would love to see about fourteen companies."

Ms. Alexander: "I agree with that."

Mr. Ostrow: "But, let's get one. Let's get one. You can have fourteen after you get one...."

Ms. Alexander: "I just feel our country is so vast that to make it comparable in any way to one of the European national theatres just doesn't add up in my mind. I feel if you had one national theatre, where are you going to place it? Are you going to put it in New York, Washington, L.A.? You're going to lose artists all over the place because of the place....I see what you're saying. You are talking about a conservatory of some sort."

Mr. Ostrow: "Yes. Almost like the Advanced Institute of the Arts....Remember the Institute for Advanced Studies in Princeton? That's exactly what I've

always dreamed of for people in the theatre. Someplace where you could go and find the best possible collaboration in the world."

Richard Barr has reservations: "The big question to me it seems is not so much worrying about forming a permanent company. It seems to me we have permanent companies. We have the greatest actors in the world in the United States. There is no question about it. And the permanent company is there.

"I don't think that actors have to get together in order to be able to work together. Under the aegis of a very good director, you can make a company in a very short time for a particular production. I'm not a supporter of the idea.

"I think the idea of supporting the regional theatre in the way that has been suggested here with maybe pushing money into four or five of the major ones that have proven they can sustain themselves is a very good one.

"But to suggest that out of that is going to grow a national theatre, I don't think there is any possibility of that. I think a national theatre will grow when we have a director possibly of the caliber of Welles."

In general, expanding support for a limited number of institutions was well received but there also was a consensus that such efforts should not come at the expense of existing programs, particularly those for smaller and minority theatres.

Michael Feingold: "If I can add to that, I don't think anybody is saying we should cut off funding to the smaller theatres simply because there are five or ten big ones.

"The big ones depend on the small ones for reactions, for challenge, for competition artistically."

Douglas Turner Ward: "But talking about the ethnic theatre, of course there are major urban centers, there are major population segments all around the country... that desire and attempt to create black theatre. They exist from amateur to semi-professional.

"I think that that's a special question that has to be addressed just like we were talking about the multiplicity of everything else, starting from, unfortunate for black theatre, starting from us who finally, you know, have survived up to this point.

"There can be the same—we can go to Atlanta to help serve the needs of the black community there if the black community considers that it's impossible for the existing theatres in that area to really serve it adequately.

"There can be the creation or the support on various levels for theatre institutions there. I mean, I would not include just what exists as being the only, as being the end point. I think that those needs can be addressed and taken care of and special approaches also."

In regard to its problems the Black Theatre Alliance notes: "Significantly enough, many of the companies who have joined BTA subsequent to 1968 were motivated by the same factors that confronted the original seven founders back in 1968. Over the years, funds for black arts groups have become, if anything, harder to get than they were ten years ago as the private foundations and corporate donors greatly reduced their arts donations. Thus, the black arts groups have become very dependent on funding from governmental sources such as state arts councils and the National Endowment for the Arts. A few foundations remain sympathetic to our cause; however, since none of these monies are infinite, competition becomes more and more fierce. Sufficient funding, therefore, remains the most serious problem which confronts the Black Theatre Alliance and its member companies."

A major concern with regard to funding continuity for the theatre is support and nurture of experimental work. Clearly the nonprofit theatre sees this as a very important function, a crucial contribution to the future of theatre in America.

Off-Off Broadway Alliance: "The future National Theatre lies in the not-for-profit network of theatres across the country, and Off-Off Broadway is not only part of that network, but is the seedbed for much of the work that the entire network is doing or will eventually do. Because of Off-Off Broadway's primary commitment to the work of the living artist, to an extent greater than within any other theatre constituency, and because of the influence of New York City in the nation's arts activities, these theatres are in a position to profoundly affect the future course of the American Theatre. Off-Off Broadway ideas are now filtering into the mainstream of new ideas, new forms, new styles. On any given day now, at least one-third of the New York Times ABC commercial theatre listings have originated in our developmental theatres. The developmental theatre community is beginning to realize that it has great strength col-

lectively, and that if used properly, a national theatre can arise in America."

Theatre Communications Group makes a similar point with regard to the entire nonprofit sector: "After several poor years, the commercial theatre is again flourishing, and the entertainment trade journal, Variety, has consistently published reports in the past year of record-breaking profits. However, as in any commercial enterprise, the motivation to produce is based on the perception of mass appeal, hence profit. The time has long since passed when commercial theatre productions could venture into experimentation or productions of limited appeal. Today the economic realities make the risks too great. This change in the commercial sector's ability to foster new creative work would have seriously jeopardized the development of a rich indigenous American dramatic heritage were it not for the evolution of the nonprofit theatre. Perhaps more important, New York is, and always has been, the originating point for the commercial theatre, the same role Hollywood has served for the film business. The nonprofit theatre, however, aware of the disparate and varied needs of a continent, has no center. Vital and original theatre organizations can now be found throughout the country and, indeed, have reversed the historic pattern by increasingly supplying both new plays and productions to the New York commercial theatre, as well as a steady flow of actors, designers and other theatre artists."

Robert Goldsby: "I would argue that they (the government) should take a look at their support of science, the National Science Foundation, and as a model for the relation between research and turning out weapons, and that they have a model there that would probably be equal on a legislative way with the force for the major theatres that Dan (Sullivan) talked about, as well as have a selected number of high quality, small institutions that are doing this kind of seminal work in discovering new truths, that want to discover new truths, such as the O'Neill, and discover why we have never developed anything on the West Coast, you know, other centers like the O'Neill, not just the O'Neill, and have a small selected number of these seminal theatres that are doing work in finding the new writer, and support them so that they don't have to face every day the sacrifices that everybody makes in order to keep them going—actors with no money for kids, they are hitchhiking in order to do a play. Why can't they get at least the minimum wage out of it?"

Arthur Ballet feels the pressures on the nonprofit theatres are not so very different from those on the commercial theatres: "The other thing is I would assume that both of these kinds of theatres, at their healthiest, both commercial and not-for-profit theatre, would be very, very concerned with exploring the outermost reaches of experimentation, not simply repeating the cultural heritages —I said not simply repeating the cultural heritages, because I think the cultural heritage is obviously important, but they should be doing the very newest things, the things that are not going to get done in films.

"What I am saying is they can't...do that, because they are constantly being restrained at the box office—will it succeed, will enough people come, what percentage of capacity are you playing to—as if that were relevant to the resources of the art itself. I don't mean to sound like a hopeless idealist, but that is a little cockamamie from my point of view.

"It works everywhere. I go across the board, the Lorick, ACT, wherever there are theatres, they all do their very best to get the hugest audience possible, and I am questioning that as a goal of the present-day theatre. I am not sure that is what theatre can do. The theatre may have other functions that are equally valid or perhaps even more valid. I think it goes all the way down to the little storefront theatres that are trying to get little tiny grants of $1,000 or $2,000, and they are desperately trying to sell their tickets."

The lack of experimentation on Broadway prompts some to suggest that this might be one area of the commercial theatre for which government funding would be acceptable.

Stephen Schwartz: "But, you see, Dick (Barr) has raised an interesting point, and we are—if you step back for a minute —we are at a variance and a decision has to be made. Do you say, all right, what's going to happen for the Broadway theatre is, out of all these other things which are funded, the best things and the most commercial things will go to the Broadway theatre and presumably make money or not, but be in a commercial setting, meanwhile art can go on elsewhere and commercial art will happen to Broadway; or are we saying that it is also possible to create for the Broadway theatre, which does not now exist in any way, the ability to afford to do risky, developmental things which we think may eventually prove to be both artistically and commercially viable? And that's a separate question. It would be lovely to be able to do both."

Richard Barr feels that commercial theatre needs: "Either tremendous tax relief from every aspect so that risks—so that tickets can come down and the whole situation, the whole economic picture will change, or the other alternative is a nonprofit fund so certain special kinds of work which may not be necessarily Getting Gertie's Garter or equivalent can be put on a Broadway stage without risk on a nonprofit basis.

"The British system at the moment, I haven't checked recently, a double system, they have a profit, and a nonprofit corporation which has intermixed boards of directors so that when they wish to move a show or take a show of some risk, it can move either into the profit section or into the nonprofit section. It's a very complicated system. I don't know whether it would work here because of our laws but there is a method of setting up such a fund if one wishes to do so.

"That would reduce risks on things like The Shadow Box, The Night of the Tribades, and so forth. A fund would be there and you would just move it.

"The regional theatre naturally or the theatre from which it came would share in the gross, so that the money was being fed back to them on a very healthy level, one hopes."

Those in the nonprofit theatre express some concern that moving plays into the commercial arena might dilute the artistic goals of their work. OOBA quotes Phil Blumberg, the literary manager at Performing Arts Foundation (PAF) Playhouse on Long Island: "We must continue to affirm the differences between commercial and noncommercial art. Unfortunately, the current financial crisis in the arts has driven these different theatres closer and closer together and this new alliance may prove a dangerous one. Regional theatres are now providing cheap testing grounds for commercially based work. These groups look to Broadway as a means of earning needed cash and attracting the attention of funding sources. Yet producing plays solely because of their commercial viability or, even worse, serving as try-out centers for Broadway-bound plays, be they Brecht musicals or Alan Alckroyd farces, can only dilute the particular identity of a theatre. Broadway has a responsibility to its investors, noncommercial groups have a responsibility to the development of theatre arts, and these two duties cannot always be reconciled. If resident theatres begin to see their work in terms of individual hits and flops, this new alliance between Broadway and non-commercial theatre will have destroyed the very movement it was trying to save."

Perhaps the area of needed support mentioned most often is for a living wage for theatre artists. The general feeling is that the artists themselves are, in effect, subsidizing the theatre.

Thomas Fichandler: "We should be able to put together and develop and keep a bunch of actors economically viable so they can raise their kids and send them to college; so they can work in an area and not have to go hustling around the country every time.

"I was talking to a director yesterday. He said, 'I'm exhausted. I've been in six different cities in the last year directing here, there, and everywhere. I want a home where I can work and not have to worry about it constantly.'

"The actors are the same. We have one actor that has been with us twenty years, and he's an exception. Most of them come and go, and we are now down at the present moment to a company of six. We would like to have eighteen. They have gone off. They have to go elsewhere. We can't afford to keep them and treat them as decent human beings as well as actors.

"This is a 'should be' that is very important if we are ever going to develop the kind of institutions that will give us a tradition in this country."

Jane Alexander speaks of this problem, especially the need to keep the top actors working in the theatre: "So, I would like to see nonprofit or regional theatre able to pay actors something in the caliber of between thirty-five thousand and fifty-thousand a year—for a major actor—so that you have a nucleus of ten in any company so you can get back to the company situation in these nonprofit theatres. There is no way it can happen now. I mean you can get actors; I'm not saying you can't. But, there are a lot of very talented actors who have deserted the theatre, because they can't afford it. I hear it all the time. I hear it from the people in Hollywood. They are bored out there. It's very hard to do film and television. It is not personally fulfilling. That is why almost every actor you talk to who started in the theatre will always want to go back to it in their heart. They talk about it a lot. That doesn't mean they'll make the move or that they'll move their families. Because that is really what it comes down to—the family problem."

Alvin Epstein looks at the needs of the middle-level actor: "I have to be able to first of all hire more actors than I am able to hire now, and I have to be able to

hire them at better salaries than I am able to pay them now, because the really talented ones who feel their strength and their value as a commodity are grabbed by the people who can afford to pay more money, and the theatre at the moment is in no position to compete with the television and movies.

"Now, I am not suggesting that the theatre should be subsidized by the government to the point where they can pay equal salaries...a million-dollar contract. That is nonsense. That is not what I am suggesting, but the actor has to be given the opportunity to earn over a year's employment a salary that he realizes will keep him decent, able to clothe, feed, house himself, get married, have children, maybe send them to college when they grow up. You cannot ask a 45 or 50 year-old actor, who has a family to work for $350 top. That is not our top now, but I know there are theatres that cannot afford to pay more than $300 or $350 a week, and our top is not much more than that....

"Well, I think there is somebody I am very anxious to get, and he or she is not an already well-established actor who feels he can take a vacation from a thousand dollar-a-week movie contract and go off and do a season of repertory. There are many people like that who do and will come for $350 or $400. But then there is the young actor still on the way up who doesn't have an established position, and I think that if I can say, 'Come to the Guthrie and stay here for $500 or $550 a week for 40 or 45 weeks,' they will come. They will not come for $300 or $350."

And Robert Goldsby addresses himself to the plight of artists and other workers in the smaller theatres: "The problem is, it seems to me, unrealistic to assume that a professional actor should be like a corporate lawyer....I don't know how many theatres that might be in this category where the actors ought to be paid $20,000 and earn it. But there wouldn't be a large number of those institutions, surely. They probably should be selected in the major cities, if you are going to have one in New York and Washington and Chicago and the Guthrie and San Francisco and Los Angeles, and maybe one or two other, I don't know, so that you could identify these slots that you are talking about....I'd think you would have to put limits on that, and not say 'All professional actors should be paid what lawyers are paid.' I don't think that would make any sense.

"Secondly, my position in this, coming from the other, I have worked in these big theatres, and I have also worked now in the other end. I am going back in my life to the beginning in a garage. Okay. Now the problem there is not of $20,000 a year, the problem is that all the artists work for nothing, and some of the artists are every bit as talented as the people working across the bay in ACT for $600 a week. Those people are working for absolutely zero, they are working out of love of performance, and because they believe in the mission of finding writers. And younger actors, at least, are staying around—I don't know how long they will stay around —they will eventually have to leave. They are now making their money in a poetry program supported by the Office of Education. In other words, they all have some other way of making a living. People who are making money in the theatre, survival money, are not the artists. They are the company managers, and what we need is somebody to make money as a technical director, somebody to make money as a janitor, somebody to make money as an office worker, somebody to make money as a public relations person—those jobs we can't get volunteers for. We can, fortunately, get the actor who is the center of the theatre. The most important artist in the theatre is always the one who ends up not being paid, because there are more actors than there are people who run trucks.

"To turn to what I was speaking of, with the new fund support. We are talking about having good people who can do their job well at any level. Your level is $25,000, you get your actor to make your theatre. For me, if I had $150, I could hold the young actor in the area for a while. The older people—that is a whole different area."

Arthur Ballet speaks for the needs of the playwright: "I will now take the thing I am most interested in, obviously, the playwright. I say one of the things that should happen is that we should have some kind of a system, I would hope flexible, that provides the playwright with a living wage as soon as we recognize him as a playwright. I don't know how that is to be done. I think it can be done. It is done in other places. And that he get a living wage in connection with the theatre. I am at the point where I am almost ready to recommend one of the things we should think about is that any theatre, receiving any kind of subsidy in any kind, that one of the stipulations be that it have attached to it a playwright. They have stagehands, they have managers, they have directors, all of them are paid, and the playwright, who seems to me to be central....He isn't central to it at all. Or if you are going to get subsidies, you are going to have to have a playwright. I know that is a Draconian measure, but

I would almost be—almost be ready to suggest that.

"It seems to me that we ought to have on a national level anything from 5 to 30 living wage awards every year to playwrights to be able to pursue in whatever way they want to their craft, and that would be guaranteed that their plays would be circulated to all the theatres that are receiving subsidies by the foundations and the endowments. We can't force theatres to do it, but at least if they would read it, they would consider it. I don't think that is asking too much of the American theatre....

"A minimum of $20,000, just off the top of my head. We pay other people, lesser artists, that, and I think if he is a good playwright he gets $20,000 a year. That doens't seem to me excessive at all. Maybe it does to everybody else."

On this point the Dramatists' Guild has several suggestions for the support of playwrights: "Some of the answer to the playwrights' problem lies in subsidized repertory; some of it, surprising as it may sound, could lie in the subsidization of the commercial theatre, too. There are many dark empty stages on Broadway waiting to be filled. For example, it would take very little money to produce serious or experimental plays at roadway theatres on those single nights when they are ordinarily closed, as is done at the Royal Court Theatre in London. The advantage of a Broadway stage for such productions is that it offers the playwright a freedom and a technical range that is more often than not denied him in the more restricted environs of Off- and Off-Off-Broadway. It also offers the audience of serious plays the opportunity to return to a scene, once culturally rich, that should and must be revived.

"Furthermore, many plays will not be picked up by regional and community theatres unless they've had a production in New York. Yet a playwright cannot exist by taking six months to a year in order to write a play and then having it close after a few performances. He neither gains enough money or enough satisfaction.

"Even now, the Dramatists' Guild is formulating a new contract with the League of New York Theatres and Producers whereby a playwright will get a substantial amount of money on completion of a play when it's optioned for production, in return for accepting reduced royalties when the play is running. If such a formula should become the basis for new contracts, a playwright would be paid for his time and work whether his play becomes a success or not —and he could afford to remain a playwright. As for government funding, direct grants to playwrights would be of great help in establishing the principle that playwrights, like other workers, deserve a certain base pay for their work."

The theatre community sees the need for support in a number of other areas, too. In fact, a listing of all of these would be quite extensive. Following are several different sorts of problem areas which indicate the range and diversity of needs identified by theatre professionals.

Emanuel Azenberg speaks about the need for new facilities: "I'd like to say something about the entire country. I think somebody should do something, whether it be municipal or federal government, concerning the lack of facilities to play major cities all over the country.... Yes, there are municipal auditoriums, but Van Cliburn is playing on a Tuesday and Lorin Maazel is playing on a Friday, and that ends that. You can't go in there. There are very few places that you can do plays in that make sense because they are either 800 or 4,000 seats."

Others disagree on facilities as a priority; remarks Arthur Ballet: "I never noticed any great need for space. I may be one of those people, forgive me, that really doesn't think you need a theatre to make theatre. You can do it anywhere, if it's good. It is nice to have good space, you know, nice flies and all of that, we appreciate it. I guess I just don't pay any attention to that. It seems to me on my priority list quite a ways down, to be truthful. I would go along with the salaries of the artists way ahead of that.

"Then I do think what Harold Clurman said to me many years ago, when he described in this country an edifice complex, we build buildings and don't have anything to put in them, and that has been the case; less so recently."

Mako Iwamatsu recommends that the government should establish a revolving fund which would provide low- or no-interest loans against future assured revenues: "It seems to me there is a need for a kind of regional revolving type of situation where when we know we are being funded, but the check doesn't arrive, you know, for six months, nine months, we can borrow against it."

Several persons want changes in local laws and tax structures, for example, Dan Sullivan: "I know that there are laws that can be made, tax laws can be made. I know on the city level one thing we desperately need is some kind of easy way to

start up a small theatre. I know the thicket of fire regulations, safety codes, all of that you have to go through, it is discouraging. If there could be a uniform safety act for theatres that could apply to small theatres under 50 seats or over 100 seats, between 150 to 500, 500 to 1,000 and then up, that would apply in every community very easily, that would be fairly easy to live up to, something like that would make the lives of many small theatre people a lot easier, and wouldn't cost anything."

Earle Gister believes: "But what is a worrisome thing to me is the infinitesimal amount of money going into the theatres from local governments. They are not making even simple efforts like relieving them of certain kinds of taxation. That to my mind is boggling. How do you tax something right up front you know is not for profit and is an organization that's getting major sources of its funding from state government, federal government, and then you lop a tax on it. I don't understand that."

Thomas Fichandler and John Bos had the following exchange:

Mr. Fichandler: "Oh, yes. Many theatres are still paying property taxes, amusement taxes; nonprofit theatres. We got rid of ours with Congressional help changing the District law. But until then—I know that Minneapolis still has theirs."

Mr. Bos: "Pittsburgh and Philadelphia for years paid ten percent amusement tax on all tickets over ninety-nine cents. It was only recently that they knocked those off. But those are local jurisdictional issues."

Mr. Fichandler: "Well, you know, the federal Congress can say we will give support to this area if they don't have this. They can put conditions on the granting. Also real estate taxes. They're talking now in the District of Columbia of trying to tax churches and nonprofit organizations for their real estate."

Mr. Bos: "Tom, aren't there a mounting number of challenges from IRS as to the propriety of activity under 501(c)3 from everything from selling champagne to running a parking lot."

Mr. Fichandler: "Exactly. If you make a profit on your program advertising, they want to take it away from you."

Mr. Bos: "That's right. So that's an issue which obviously the Endowment should lead in guiding the IRS to a more specific...."

Mr. Fichandler: "The postal rates with which they are threatening us could kill us."

Another problem is the difficulty of moving from movies and TV employment to theatre employment, and several participants cite the advantage British actors and writers have in this regard.

Stuart Ostrow: "I had spent some time with Mayor Lindsay on the concept of establishing, through subsidy or through intelligent inspiration, a film sound stage in New York where the actors would be allowed, where it would be possible to work like they work in London. They work in the theatre at night and work in films during the day. So there is an income that they can rely upon. God knows we have the communities, the surrounding communities to live in and the opportunity to enrich the theatre seems to me to be enormous under that possibility."

The long-range question of theatre education is touched on by a number of persons in different ways. The professional training of technicians, artistic directors, literary managers, or critics is variously cited as a need along with more exposure to and experience of theatre in the public schools.

Jorge Huarte and Arthur Ballet discussed the situation in these words:

Mr. Huarte: "I think it is one of the disgraces of this society, when we call ourselves an educated literate society, when in high school we are graduating students who cannot read and write. Furthermore, who cannot identify talent—they are not allowed to develop their talents. You know, everybody keeps throwing it back to one grade below; they can't read because the third grade teacher didn't teach them how to, and we all heave a sigh of relief. It is not my fault, it was the kindergarten teacher. It is not true. We have no real support at that level, at the kinder-secondary level of the arts.

"We build football stadiums right and left, but we don't build theatres, and I think that those formative years are crucial in the training of a good theatre student. I think you may find your students who have had an active participation in drama in high school are far ahead of those who come to the university or the college and then discover they have something, some kind of an interest in the theatre, and begin to pursue it. They are behind, just as a piano player is not expected at age 15 or 16 to become a concert pianist. Who is to say that somebody can arrive at the university as a freshman and say I want to be a great actor on the training that he can get?

"The society doesn't recognize the importance of theatre as they do the importance of the World Series. You don't have a world theatre, either."

Mr. Ballet: "Would you extend that to the talent not just in the theatre, but the talent of people going to the theatre, so that the whole system has to start a lot earlier than it is now started. Minnesota, if I may just continue, Minnesota has always given us a good example why they have so much theatre in Minneapolis or Minnesota. Why is it? Well, the reason is that the high schools there are very, very good at it. Some of them have magnificent auditoriums and do a big program of very, very good theatre, and then that goes on one hopes at the college level as well. But that is where the audiences are also being built, not just the talent that appears on stage. Remember the theatre is a tacit agreement between the people on the stage and the people in the auditorium that they are going to have a theatre."

In its formal statement, the Performing Arts Repertory Theatre Foundation's managing director, Charles Hull, speaks of the high professional level which has developed in children's theatre companies and of the possibilities this offers for a vital conjunction between art and education: "The major problem (need I say) is money. A school, with its budget subject to annual scrutiny and paring by its board, possibly in a position of having to lay off teachers due to shrinking enrollment and/or reduced municipal budgets, finds it difficult to allocate $500 (probably an average price) for a performance. True, the performance may be of very high quality, performed by professionals and actually costing only 50¢ per student (based on a 1,000 seat auditorium). But the school looks upon it as a one-shot expenditure, and as such, the fee looms large.

"The secondary problem lies with those school administrators who not only object to the cost of performing arts programs but who say, 'What does it have to do with education; let them go with their parents on the weekend.' Needless to say, the terrific impact of arts in the schools is that it reaches all children, cutting across all strata. It is the only way to reach all segments of young people in significant numbers."

Other specific proposals include continuing and expanding of Comprehensive Employment and Training Act (CETA), especially in place of unemployment compensation, raising the ceiling on theatre grants from the Arts Endowment, more programs along the line of the TDF voucher system funds for subscription development for small theatres, a national theatre magazine, a cabinet post for cultural affairs, forgiveness of taxes for artists as in Ireland, and a systematized collection of economic data on theatre.

The question of support of the theatre is closely linked to that of accessibility in the minds of several participants. Jorge Huarte believes: "I think flatly and frankly the present role of professional theatre, both for-profit and not-for-profit, is to serve a particular elite of society, those people who can afford it whether it be the Shubert Theatre in Century City that is charging $15 for Chorus Line or the Mark Taper Forum, which charges $5.50, and at best attempting to reach, you know, a more popular sector, but not really achieving that goal.

"It seems that today the theatre is simply a means of making money on the commercial level. On the not-for-profit, I see very honest attempts to do good theatre, to nurture playwrights, to nurture designers and actors and directors and what have you, but a very limited ability. They need subsidy by the millions, and they don't get it—the ACT and the various not-for-profit and professional theatres across the country."

Earle Gister thinks: "The theatre has to become more accessible. It has to be more accessible to the people and it has to be more accessible to the artists. It's one of those terrible situations that you can't provide it for the people until you can make it happen. You can't treat the theatre as a business which it must be treated as and ignore all of the problems involved. Somehow or another things have to be worked out where those problems can be resolved or they can be made less difficult.

"One of the problems is where do we play? You can't pursue a business if you don't have a place to sell it. You can't do it out on the street, not all theatre at least, just some of them.

"So it has to be made more accessible because it is a huge business. And it must provide opportunities for those people who wish to make that business their lives, the wherewithal to develop and grow and to make the theatre better. An actor can't just move in and out of it. An actor has to have the opportunity to grow and develop, and that can only happen in a stabilized situation. And right now the theatre is not stable not even in the not-for-profit world.

"Now it's simply meeting one problem after another day by day and, consequently very frequently long range planning has to be set aside."

Dan Sullivan, Marl Young, and Robert Goldsby put it in these words:

Mr. Sullivan: "You cannot ask the government for money to support theatre, unless the theatre can then say that with the money one of the things we are doing is making theatre more available to our communities. You cannot ask the government to subsidize an elitist activity, unfortunately, maybe it is a spiritually elitist one, but not an economically elitist one."

Mr. Young: "One thing we do in music here in Los Angeles, our recording industry, they do have to pay so much because they make records which displaces musicians, so they have to pay money into a fund that will provide live music free to people all over the country. Now, in conjunction with that, we ask the city to contribute so much, the country to contribute so much, and we provide free concerts, jazz, western music, symphony music, all over the city, all over Los Angeles County. I'm sure this happens in other areas where there are locals, free music for the people."

Mr. Goldsby: "Wouldn't that be marvelous for theatre?"

Mr. Young: "I think it is this type of thing we need in all of the arts."

Mr. Sullivan: "This could be done, and one way it could be done, if the Screen Actors' Guild and Actors' Equity merge into one big union, and then the television and movie industry, would have to pay a percentage of the money of the box office gross, to provide free or reduced rate attendance of live performances of drama, which means stage."

Mr. Goldsby: "That is true. For example a million dollar contract that one actor gets for making a film that goes around the world; somehow, what about the actors that are probably equal just in the terms of talent.?"

Mr. Sullivan: "We have some guilt money from big oil now, and I want to see guilt money from big movies. It is so obvious why they should pay it, and they know it themselves, look at Jaws."

Mr. Goldsby: "Look at Jaws, millions and millions of dollars."

Mr. Sullivan: "I don't expect the commercial theatre would do that. I don't think the profits are anywhere near that size."

Mr. Young: "But the electronics industry can afford it. It would take such a small percentage of their profits."

The point Dan Sullivan makes concerning funds from film and television to provide support for the professional theatre is one raised by others in several different contexts. There is a strong feeling that the theatre acts as a training ground and supplies the fundamental artistic resources for the electronic media. Similarly the nonprofit theatre makes a case for more support from the commercial theatre.

Bernard Gersten, Richard Barr, and Thomas Fichandler remarked:

Mr. Gersten: "I don't know what is the number of dollars of profit the commercial theatre generates in a given year. But I wish that a portion of that profit, whatever it is, were reinvested by the commercial theatre so that Stephen's (Schwartz) work could be done as an experimental work in that theatre."

Mr. Barr: "That is precisely what I'm suggesting but nobody ever...."

Mr. Fichandler: "I think that has to be extended beyond theatre to movies and television. We are the training ground for those."

Mr. Gersten: "You mean to get a feedback from those others?"

Mr. Fichandler: "Absolutely."

Mr. Gersten: "Well, but that's an idea that has really recurred through the years but never with any success, to get a nickel out of television, to get a nickel out of records. I always thought that the Philharmonic should have bought The Beatles. If they had The Beatles they would have been home free."

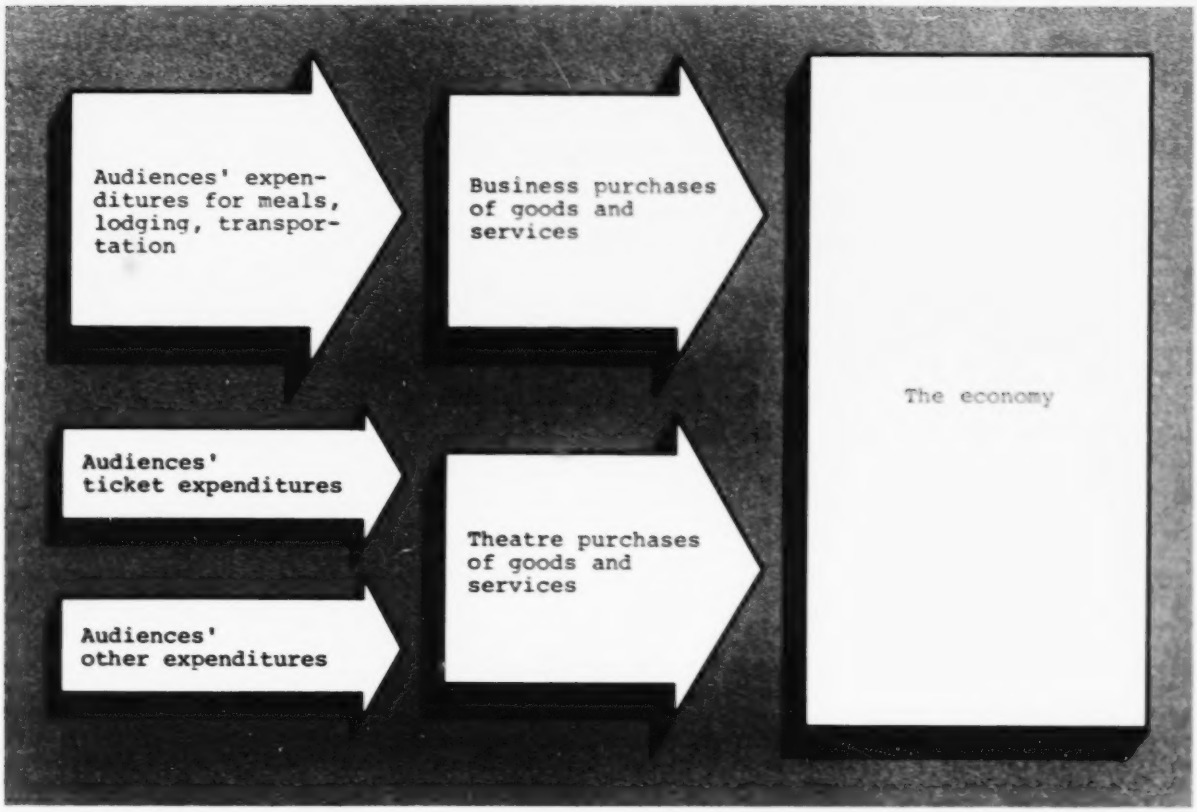
In another context, Arthur Ballet remarked: "It goes all the way from the big time, the really big time out here, particularly to a little storefront theatre.

"They're all professionals. It is one industry. It's the only industry in which the research and development end of it is not supported by the commercial end of it, and I find the Shubert dribble, not drivel, just a penny compared to the millions that were made. I find it outrageous that these monolithic, conglomerate, corporations control these studios and, not that they pay the stars the money they pay, that is fine, that's their business, the star is worth it, I assume, but they will not put out money for the research and development of their own industry, which is what we are doing. Am I getting ahead

of the game? I am saying what we should have is a relationship whereby those monoliths, and that is exactly what they are, (so they) realize where the experiments are coming from that they are going to be using in five years from now and they have to support that directly."

It is clear from the preceding excerpts that the theatre community is deeply concerned about the future of the theatre regarding general conditions and particular problems. The theatre community's self-analysis, which particularly emphasizes the effect of problems on the quality of theatre, seems to parallel the data presented in earlier chapters. The theatre community does not speak with one voice or with even several voices. This is particularly true when it comes to solving problems, even those which are recognized as cutting across various constituencies. But there is—and the purpose of this chapter is to give some flavor of it—a common sense of dedication to the cause of theatre arts, an energetic pursuit of opportunities for its nurture and growth, and a belief that, in Earle Gister's words, American theatre "should be the finest theatre in the world."

Figure XIX **The theatre's relation to the economy**


Audiences' expenditures for meals, lodging, transportation
Audiences' ticket expenditures
Audiences' other expenditures
Business purchases of goods and services
Theatre purchases of goods and services
The economy

CHAPTER VI

THE CONTRIBUTION OF THE THEATRE TO THE NATIONAL INCOME

An aspect of American theatre is its relationship to the economy. The theatre generates jobs and income like steel industries and other businesses.

There are many reasons this contribution is overlooked. A substantial portion of theatrical activity is organized on a nonprofit institutional basis. The avowed purposes of these institutions usually have nothing to do with economics. Unemployment of theatre professionals is high and the incomes of most theatre professionals are low. It is easy to forget that the theatre functions as an economic institution as well as a cultural institution. It is possible to estimate that the economic effects related to the theatre are at least $2.1 billion. While the primary purpose of the theatre is not to create jobs and income, resources spent on the theatre impact and move through the economy to produce additional income. Theatre creates jobs and incomes in other sectors of the economy. The explanation for this is the same as it is for any other sector of the economy—resources spent in the theatre are respent elsewhere, generating additional jobs and income. Three studies of the effect of the theatre on the economy have been examined in the preparation of this report to estimate the contribution of the theatre.

THEATRE AS AN INDUSTRY

Theatre activity influences national income both directly and indirectly. The direct contribution of the theatre is simply the expenditure of the theatre for all theatre goods and services (actors' and other theatre personnel services, scenery, capital, etc.). The indirect contribution includes audience expenditures for goods and services that are relevant to theatre attendance (taxicabs, hotels, restaurants, etc.), and additional income generated when these expenditures are in turn respent.

This process (represented in Figure XIX) starts with expenditures for theatre and theatre-related activities as is shown in the left of Figure XIX. These funds are then respent, as theatres purchase artists' services and other labor, and goods and services required in carrying out its various roles. The theatre-related expenditures of theatre patrons (restaurants, transportation, lodging, etc.) are also respent for goods and services used in the production of these services. This spending is shown in the middle portion of Figure XIX. These funds continue to circulate in the economy, passing from individual to individual. A single dollar entering the system at the top of the figure may be eventually associated with between 4 and 6 dollars in national income.

To analyze the flow of theatre dollars through the economy and their consequent effects on economic activity in other sectors requires considerable detailed data (see Research Division Report #6, Economic Impact of Arts and Cultural Institutions: A Model for Assessment and a Case Study in Baltimore and Report #15, Economic Impact of Arts and Cultural Institutions—Case Studies in Columbus, Minneapolis/St. Paul, St. Louis, Salt Lake City, San Antonio, and Springfield, listed at the back of this report). In the absence of such information, it is possible to use a shortcut called multiplier analysis. This is the technique used in many studies of the effects of government policies. A complete description of the multiplier technique is available in textbooks on macroeconomics.

The basic idea behind multiplier analysis is that each dollar spent by an industry is a receipt to some other individual or firm. The recipient then respends some portion of the receipts on domestically produced goods and services; the remainder is either saved or spent on goods and services produced in other countries. The assumption is made that about 60 percent of receipts are respent on produced goods and services. The next recipient (the recipient of the original recipient's expenditures) likewise respends 60 percent of his or her receipts.

In terms of arithmetic, the process is illustrated in Table 39 (following). When all is added up, a multiplier effect (which is rounded as a matter of convention) of $2.50 results for each dollar spent initially. (As pointed out in Research Division Reports #6 and #15, this method disregards the many individual differences between theatres and communities.)

STUDIES OF THE EFFECT OF THEATRE ON INCOME AND EMPLOYMENT

The only published investigation of the effect of the theatre (as distinguished from other arts organizations) on the economy

Table 39 **The multiplier process applied to a theatre dollar**

	Receives	Spends
Theatre	$1.00	$1.00
Recipient 1	$1.00	$0.60
Recipient 2	$0.60	$0.36
Recipient 3	$0.36	$0.22
Recipient 4	$0.22	$0.13
Recipient 5	$0.13	$0.08
Total (rounded)	-	$2.50

was undertaken by William Baumol, who investigated the contribution of the Broadway theatre to the economy of New York City and the nation (The Impact of the Broadway Theatre on the Economy of New York City, Princeton: Mathtech, Inc., 1977). In this investigation, which obtained estimates by comparing data from a period when a portion of the Broadway theatre was closed due to a strike with similar data for non-strike periods, it was estimated that the Broadway theatre alone contributed a conservative $275 million during fiscal 1975 to the nation's economy. Approximately $165 million of this accrues to the New York City economy, and $57 million accrues to economies outside New York City. Given that ticket sales during the 1974-75 season amounted to approximately $57 million, this estimate implies that total impact is approximately a 5 times multiple of ticket sales.

In another study conducted by the National Research Center of the Arts, Inc., survey results showed that the operating budgets of arts organizations in Washington State were approximately $12 million in fiscal 1974. It was estimated that attendance at arts events generated an additional $20 million in related expenditures (expenditures for restaurants, transportation, lodging, etc.). No full analysis of the multiplier effects of these expenditures was undertaken. While this study demonstrates the principle that arts organizations contribute to the economy, it does not provide a specific estimate of the economic effects of theatre organizations (as distinguished from other arts organizations) in the state.

Another study of the effects of arts organizations on the economy was completed by David Cwi and Katherine Lyall, Research Division Report #6, Economic Impacts of Arts and Cultural Institutions: A Model for Assessment and a Case Study in Baltimore (Washington: National Endowment for the Arts, 1977; see list at the back of this report). Cwi and Lyall modified the well-known Caffrey and Isaacs study, Estimating the Impact of a College or University on the Local Economy. The subsequent econometric model for measuring the effects of arts organization on the economy was applied to 8 cultural institutions in the Baltimore, Maryland Standard Metropolitan Statistical Area: the Baltimore Opera, Walters Arts Gallery, Baltimore Symphony, Morris A. Mechanic Theatre, Baltimore City Ballet, Baltimore Museum of Art, Center Stage, and Arena Players.

The operating budgets of these 8 institutions in fiscal 1976 were approximately $9.4 million. Cwi and Lyall estimated that the direct and indirect effect of this expenditure was to generate a total of $29.6 million in additional income in the Balti-

Table 40 **1977 estimated expenditure base by theatre type (millions of dollars)**

	Ticket income	Other income	Total income
Broadway	$ 93.7	$ 21.0	$114.7
Road	$115.0	$ 5.0	$120.0
Dinner (including estimated bar receipts)	$110.1	$ 33.0	$143.1
Regional (Theatre Communications Group survey 1976)	$ 47.5	$ 35.1	$ 82.6
Other (summer stock, etc.)	$ 42.0	$ 18.0	$ 60.0
Total	$408.0	$106.1	$514.1

more area. They did not estimate the contribution of arts organizations to income outside Baltimore. Assuming that about one-half of every dollar spent initially in Baltimore is respent outside Baltimore (this appears to be a reasonable assumption from survey findings reported by Cwi and Lyall), then it seems reasonable to conclude that somewhat more than $10 million in additional income may be generated outside of Baltimore, leading to a conservative estimate that the 8 Baltimore institutions contributed directly and indirectly approximately $40 million.

In spite of the varying approaches and cases examined in these studies, the conclusion that emerges is that arts organizations in general and the theatre in particular are connected to other sectors of the economy. The result of these linkages is that dollars spent for theatre have multiplier effects throughout the economy.

AN ESTIMATE: THE ECONOMIC IMPACT OF AMERICAN THEATRE

Table 41 **1977 estimated audience expenditures (millions of dollars)**

Broadway	$ 99.0
Road	$121.9
Dinner	---
Regional	$ 50.4
Other	$ 44.5
Total	$315.8

The starting point for this estimate is an approximation of the total expenditure base (shown as the inflows to the theatre in Figure XIX) of the theatre in the United States during fiscal 1977. This estimate is shown by type of theatre in Table 40, which shows an estimated total expenditure base of $514.1 million. Expenditure base estimates are divided by ticket income and by other revenues and expenditures. This is done to facilitate computation of theatregoers' expenditures on ancillary goods and services (restaurants, transportation, etc.), which previous studies have related to expenditures on theatre tickets.

The next step in estimating direct and indirect expenditures related to theatre activities is to estimate theatregoers' expenditures that are theatre-related, as shown in Table 41. These are shown in

Table 42 **1977 estimated theatre economic impact (millions of dollars)**

	Theatre and consequent expenditures	Related activities and consequent expenditures	Economic impact
Broadway	$ 286.8	$247.5	$ 534.3
Road	$ 300.0	$304.8	$ 604.8
Dinner	$ 357.8	---	$ 357.8
Regional	$ 206.5	$126.0	$ 332.5
Other	$ 150.0	$111.2	$ 261.2
Total	$1,285.3	$789.5	$2,090.6

Figure XIX as the inflow to "Business purchases of goods and services." Baumol recommends, in The Impact of the Broadway Theatre on the Economy of New York City, that these expenditures on related goods and services can be estimated at 1.06 times ticket expenditures (because of the absence of specific survey data). When this is done, the estimates obtained of expenditures on related goods and services are shown in Table 42.

Note that no expenditures are shown for dinner theatre audiences. (Estimated bar receipts are included, however, in the estimated expenditure base reported in Table 40. This reflects the fact that the price of a dinner theatre ticket covers many of the services for which theatre patrons ordinarily would incur extra expenditures (food, parking, etc.). Clearly, treating related expenditures as though they were zero tends to understate related expenditures of dinner theatre patrons since there still are transportation costs to be covered and perhaps other costs as well. The last step in estimating total direct and indirect expenditures related to theatre activity is to estimate the multiplier effects of the expenditures shown in Table 40 and Table 41. In the absence of specific data, Baumol's report used a multiplier value of 2.5. Following this example, every dollar shown in the tables is estimated to account ultimately for $2.50 of economic effect. Using 2.5 as a multiplier gives the estimate of approximately $2.1 billion, as shown in Table 42.

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